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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activity <i>Opened 11/13/93</i>	3/10/78	A
Memo	Harold Brown to Pres. Carter, 3 pp., re:Defense summary <i>Opened 7/22/92 sanitized</i>	3/13/78	A
Memo	Cyrus Vance to Pres. Carter, 4 pp., re:Overseas personnel <i>Opened 11/13/93</i>	3/10/78	A
Memo	<del>Lipshutz to Pres. Carter, 4 pp.,</del> <del>re:FBI investigation</del> <i>opened 8/6/93</i>	<del>3/13/78</del>	<del>C</del>

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File, 3/13/78 [No. 1] Box 76

## RESTRICTION CODES

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1371

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Bob Lipshutz

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: FBI INVESTIGATION OF THE MARSTON  
EILBERG MATTER

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
✓		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

bob--

you might want to have  
someone double check the  
time...rather recheck the  
times of the 11/4 phone  
conversation....the time  
listed may in fact be the  
time the president began  
trying to return eilberg's  
call rather than when he  
actually spoke to him....

i've never known the  
president to speak to anyone  
on the phone for this  
length of time.

thanks -- susan

THE WHITE HOUSE  
WASHINGTON

March 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz *BL*

SUBJECT: FBI Investigation of the Marston-  
Eilberg Matter

Attached is a summary relative to various telephone conversations which you had with Pennsylvania Congressmen from June 7 through November 4, 1977.

If this is sufficient background information so that you can respond to questions concerning these calls, I would like to go ahead and arrange for the meeting with the FBI agents who are handling this investigation, hopefully for sometime next week.

Please advise.

*Bob - ok -  
a) These times are  
erroneous - I've never  
talked to anyone  
as long as this -  
b) So far as I remember  
Marston was only  
discussed with Eilberg -  
briefly -*

*JC*

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ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

March 8, 1978

TO: FRANK MOORE  
FROM: BILL CABLE  
SUBJECT: Congressional Calls With The President

To date, I have been able to determine the subject of the following conversations between the President and the listed Members of Congress.

June 7	call to John Dent	7 min. 8:23 to 8:30 pm	Wished the Cong. a speedy recovery after his eye operation.
June 28	call to Marc Marks	12 min. 2:56 to 3:08 pm	Discussed an Energy Committee vote re: deregulation.
June 29	call to Marc Marks	14 min. 5:33 to 5:47 pm	Thanked for his help on Energy.
Aug. 3	call to Dan Flood	1 min. 3:26 to	These calls occurred during a Pa. Caucus meeting just prior to the energy vote in the House. "We have 16 votes for de reg, Mr. P.")
Aug. 3.	call from Dan Flood	3:27 pm } 1 min. 4:13 to 4:14 pm }	
Aug. 4	call to Doug Walgren	1 min. 4:51 to 4:52 pm	Discussed the plowback vote.
Aug. 31	call to Robert Nix	2 min. 3:25 to 3:27 pm	Discussed the AWAC vote in the HIRC.
Nov. 4	call from Josh Eilberg	2:57 pm.	Pres. in meeting. No contact.
Nov. 4	return call to Eilberg	47 min. 5:13 to 6:00 pm.	Discussed Philly politics.



~~CONFIDENTIAL~~

March 10, 1978

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: USUN - Ambassador Young  
SUBJECT: U.S. Mission to the United Nations Activities  
March 1 - 8

SECURITY COUNCIL

The Security Council debated the situation in Rhodesia this week. The Council heard statements condemning the internal settlement, the most notable of which was given by Tanzanian Ambassador Salim. In moderate and well chosen words he condemned the settlement and urged continued support for the Anglo-American proposal on Rhodesia. African opinion remains divided on the question of having Bishop Muzorewa speak before the Council in support of the internal agreement. They argue that because Patriotic Front leaders Mugabe and Nkomo cannot be heard in Rhodesia, Muzorewa's statement will result in a domestic political plus for him and it will also be interpreted as a triumph for Smith and his internal settlement. No resolution has yet been tabled and it appears likely that the debate will continue next week.

NAMIBIA

On March 5, US and UK Ambassadors met in Cape Town with South African Foreign Minister Botha to discuss informally and at length the remaining major issues of dispute. Botha gave his initial comments and promised fuller comments shortly. Contact Group is now in process of finalizing the proposal. Completion of the proposal is hampered by the fact that we are awaiting South Africa's fuller comments as well as additional information which South Africans have promised us on the ethnic forces and commandos.

WALDHEIM APPOINTS DIRECTOR GENERAL

Secretary General Kurt Waldheim has chosen Kenneth Dadzie, Ghana's Ambassador to Switzerland and Austria, for the new second-ranking U.N. post, Director General for Development and International Economic Cooperation. Many view this post as a stepping stone for Mr. Dadzie to succeed Mr. Waldheim as Secretary General.

AMBASSADOR YOUNG'S OTHER MEETINGS

Ambassador-designate Galen Stone (to Cyprus), 3/2; Gunnar Johan Staalsett, Chairman of Norway's Center Party, 3/2; Ambassador Salim, (Tanzania) 3/2; Ambassador Tueni, (Lebanon) 3/2; Reverend Mitchell (Inter-Church Center) 3/3; Memorial Service for Dr. Sobukwe at the U.N., 3/3; Congressman Diggs, 3/7; Ambassador Palmer, (Sierra Leone - to Washington, D.C.) 3/8; Bishop Muzorewa's Reception, 3/8: PRESS: Interview with Ruth Pearson, Business Week Magazine 3/8.

~~CONFIDENTIAL~~

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DECLASSIFIED  
E.O. 12356, Sec. 3.4  
PER 1/24/84 Stal HRE MR-NLC-92-11  
BY [Signature] NARS, DATE 1/13/93

9:00 AM

~~THE~~ PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

①

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

March 10, 1978

RE:

Proposed Agenda

1. At last week's Cabinet meeting, you mentioned that you would like to discuss variations in the format and timing of Cabinet meetings;

2. No Cabinet meeting will be held on March 20;

3. On February 22, Cy Vance sent you a memorandum regarding the reductions in personnel attached to U.S. missions abroad. Cy asked you to point out to the Cabinet that you have a strong personal interest in seeing our overseas official personnel reduced to the minimum level consistent with national needs. You might also mention that you endorse the approach being taken by Cy to accomplish this objective.

4. Status of the coal strike;

5. Status of energy legislation;

6. Status of Panama Canal treaties;

7. Comments from Cabinet members.

CC: The Vice President

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THE SECRETARY OF STATE  
WASHINGTON~~SECRET~~

February 24, 1978

~~SECRET~~

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance *CV*

SUBJECT: US Official Personnel Attached to  
US Missions Abroad

On several occasions during the last thirteen months you have indicated determination to reduce the numbers of official U.S. personnel stationed abroad to the minimum level consistent with overall national interests. The position control system we have been using to accomplish this objective for the 18,000 Americans working under the authority of U.S. ambassadors is called Monitoring Overseas Direct Employment (MODE). The MODE system operates under the direction of the NSC Policy Review Committee. MODE does not cover some 476,000 Americans under military commands operating in foreign countries.

During the summer and fall we obtained the recommendations of ambassadors concerning the positions of all agencies under their supervision at the diplomatic missions which in their judgment might be cut without harm to our goals and objectives. We have also sought the preliminary views of the parent agencies concerning the positions in question, and their contrasting recommendations illustrate the difficulty of controlling employee numbers abroad.

*N 1 1/2 %*

The ambassadors identified 220 positions of various agencies and programs which they believed could be eliminated or relocated to the US by immediate administrative action or gradual attrition. Ambassador Brewster in London, for instance, identified over 50 positions at that embassy alone which fell in this category. The total

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DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 7/24/92 *Stacy* BY RE MR-11C-92-11  
BY *gjp* NARS, DATE 11/3/93

~~SECRET~~

2

number of positions suggested for elimination would probably have been substantially higher if similar ambassadorial recommendations had not been ignored by Washington in the past because of unresolved inter-agency jurisdictional disputes and the ambassadors' relationships with other agency personnel at their missions harmed in the process. Furthermore, two sizable across-the-board reductions and other events during the past ten years have already resulted in a 36 percent reduction in American personnel at the diplomatic missions.

Ambassadors also suggested that additional personnel savings could be achieved by special interagency review in Washington of activities on which they themselves hesitate to offer definitive judgments. These include: (a) miscellaneous Defense units engaged in other than intelligence work, which are stationed for the most part outside our embassies but operate under authority of the ambassadors; and (b) the location abroad of regional offices for such civilian agencies as the Drug Enforcement Administration, Secret Service, Federal Aviation Administration, and Veterans Administration. I plan to initiate subsequent interagency assessments of these activities, consulting with Harold, Stan, and others as appropriate.

As indicated, upon learning of the ambassadors' recommendations, most other agencies have filed strong dissents. Moreover, some Members of Congress have expressed opposition to proposed cuts in particular functions, such as agricultural attaches and Commerce's travel service. We anticipate more objections. From past experience we know that proposals for even small reductions often raise strong and personal opposition. Some appeals will undoubtedly be made to you directly.

On one point both the agencies and ambassadors agree: an across-the-board percentage reduction would be unwise. Since some functions require additional people because of mandatory commitments or agreed new policy priorities, the best we can do is make selective reductions, based on review of ambassadorial recommendations. The interagency decision-making and appeal

~~SECRET~~

~~SECRET~~

3

process for such action is set out in an NSC memorandum and supporting guidelines, and we will obviously want to approach each case on its own merits. OMB has always had an important supporting role in controlling overseas employment and Jim McIntyre has indicated his agreement with this general approach.

Before setting this final process in train, I would appreciate it if you would point out at an early Cabinet meeting that:

-- You have a strong personal interest in seeing our overseas official personnel reduced to the minimum level consistent with national needs.

~~SECRET~~

1363

THE WHITE HOUSE  
WASHINGTON  
March 13, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please forward a copy of Secretary Brown.

Rick Hutcheson

cc: Hamilton Jordan

DEFENSE WEEKLY SUMMARY

~~SECRET~~

DECLASSIFIED  
E.O. 12333, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY gry NARS, DATE 7/22/92

THE PRESIDENT HAS SEEN.

Harold  
J

THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense  
(March 4-10, 1978)



ok  
JC

Budget Hearings: I now have completed the hearings on your Defense request before the Senate and House Armed Services, Appropriations, and Budget Committees. The House Armed Services Committee is recommending a \$2.6B increase to our request, including a nuclear carrier, a nuclear cruiser, long-lead funds (instead of full funding, as in our budget) for a TRIDENT submarine, and additional aircraft as follows: 12 F-14s; 4 F-18s; 43 A-7s; and 16 C-130 aircraft. The Committee also recommends increasing active military personnel above our budget by 10,500, civilian personnel by 14,000, and Naval reserve strength by 35,600.

Try to  
hold to  
our  
budget

Coal Strike: My staff and the Army are working with the Justice Department and your staff to plan for contingencies which could occur in connection with the coal strike. Extensive use of federal forces to enforce the law in many scattered locations would be difficult. It is important that the governors be reminded as often as is necessary that maintenance of law and order in their states is in the first instance a state, not a federal, function; I understand Jack Watson is emphasizing this point.

Canal Treaties--Meeting With Senator Talmadge: At Frank Moore's request I had CNO Jim Holloway meet with Senator Talmadge yesterday. Jim described the meeting as "productive;" however, it did not give evidence that we are yet in a position to count on Senator Talmadge's vote. I will ask George Brown, whom the Senator is said to admire, to follow up with a telephone call.

Hearing on Korea: Lester Wolff's Subcommittee on Asia and Pacific Affairs held a hearing on Northeast Asia this week, with primary focus on Korea--where we stand in our troop withdrawal plans, and how we intend to move ahead. Wolff says that valuing the Korea equipment transfer package at \$800M may make some reluctant to support it; he asked if the price tag could be calculated in some way that would make it lower.

SAINTED  
E.O. 12958, Sec. 3.4  
PER 4/3/92 Def Hr DE 118-NVC-02-12  
BY [signature] NATS. DATE 4/21/92

Sec Def

31Dec2008

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Visit to Korea: Charles left Wednesday for Korea, where he will observe Exercise TEAM SPIRIT, the major annual joint U.S./ROK exercise.

Weizman Visit: I am sending you a separate memorandum on my discussions with Weizman.

Your Wake Forest Speech: We look forward to your visit to the Eisenhower next week. Your speech on defense at Wake Forest will send an important signal; I believe it should affirm in no uncertain terms your commitment to a strong defense which will not allow the Soviets to gain a military or political advantage by outstripping us. It now seems likely that the Republicans will make defense policy a substantial 1978 election issue; this week John Rhodes made a major speech on it and Howard Baker sent out a rather sophisticated mass mailing. We need to get out ahead of them on this issue. I have commented to Zbig on the speech outline (see attached), and look forward to commenting on the drafts as the speech develops.

During the trip I need to talk with you privately about upcoming military personnel changes and about the five-year shipbuilding program that we must send up to the Congress by the end of the month. *sk*

*Howard Baker*

Attachment



THE PRESIDENT'S SCHEDULE

Monday - March 13, 1978

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7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

9:00 Cabinet Meeting. (Mr. Jack Watson).  
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.  
(15 min.)

11:55 Congressman Frank Thompson. (Mr. Frank Moore).  
(5 min.) The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.  
The Oval Office.

1:45 Mr. Richard Leakey - The Oval Office.  
(10 min.)

2:00 Meeting with the Executive Committee and  
(15 min.) and National Officers of the National Association  
of Wheat Growers. (Mr. Stuart Eizenstat).  
The Cabinet Room.

2:30 Senator Richard S. Schweiker. (Mr. Frank Moore).  
(15 min.) The Oval Office.

THE PRESIDENT'S SCHEDULE

Sunday - March 12, 1978

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9:50 Depart South Grounds via Motorcade en route  
First Baptist Church.

10:00 Sunday School.

11:00 Worship Service - St. John's Church Lafayette  
Square.

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THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Zbig Brzezinski

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: LETTER TO SEN. STEVENSON FROM  
ACDA

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

*cc our file*

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE WHITE HOUSE  
WASHINGTON

3-13-78

To Griffin Bell

I've been a little disturbed by the Anthony Lewis articles re our encroachment on personal privacy. If true, this is a trend contrary to the basic philosophy of both you & me.

Please give me a brief assessment.

Jimmy

THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

March 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: U.N. Resolution 242

Attached is an article by Arthur Goldberg, the principal author of U.N. Resolution 242, which gives his interpretation of the resolution. It seems to me that this is important in light of Prime Minister Begin's interpretation. Goldberg seems to make clear that some withdrawal is contemplated on all fronts. Perhaps Goldberg could be persuaded to make a statement to this effect before the Begin visit. It also occurs to me that Begin's own proposal could be considered a partial "withdrawal" from West Bank territories to closed camps in the western part of the West Bank.

Last, I would like to relate a conversation I had with Hyman Bookbinder of the American Jewish Committee. He is among the most sensitive, sensible and supportive of the national Jewish leaders. He mentioned that he would like you to know that a great number of national Jewish leaders are communicating directly with Begin and urging him both to stop the settlements and to maintain Israel's prior interpretation of U.N. Resolution 242. He stressed that just as it is important that the Jewish community not "write-off" the Administration, that the Administration should not "write-off" the Jewish community, despite the stridency of certain public remarks (by persons such as Schindler).

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

The Vice President  
Zbig Brzezinski

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

RE: INTERPRETING RESOLUTION 242

cc Fritz  
Ebis  
J

Arthur J. Goldberg

## Interpreting Resolution 242

United Nations resolutions, particularly in recent times, are more honored in the breach than in the observance. Nonetheless, there are several reasons why Resolution 242, unanimously adopted by the UN Security Council on Nov. 22, 1967, may prove to be the framework for the settlement of the Middle East impasse.

Resolution 242 was confirmed by Resolution 338 of the Security Council, sponsored by the United States and the Soviet Union, calling upon the parties concerned for "the implementation of Security Council Resolution 242 (1967) in all of its parts."

Resolution 242 has been "accepted by Israel, Egypt, Jordan, and, by implication, Syria, through its endorsement of Resolution 338, although their respective interpretations of the Resolution widely differ. It is the only substantive resolution (excluding calls for a cease-fire) relating to the Middle East accepted both by the parties and the Security Council since the Six-Day War and virtually even before. And, despite recurring threats by both sides to repudiate Resolution 242, their acceptances have never been withdrawn.

Despite pejorative expressions and resolutions in recent times by the General Assembly and other organs generally critical of Israel, and a resolution proposed to the Security Council but vetoed by the United States seeking to reinterpret Resolution 242, the Resolution continues to command the support of the great powers, the United States and the Soviet Union. It is true that the Peoples Republic of China has condemned the Resolution, but its opposition appears to be largely propagandistic rather than based upon deep-felt opposition to its terms.

### Every Word Counts

Resolution 242 is a carefully—some would say artfully—drafted set of guidelines designed to promote agreement and to assist the parties to achieve a peaceful and accepted settlement.

The stated goal of Resolution 242 is the establishment of a just and lasting peace in which every state in the area can live in security.

The Resolution expressly and by implication repudiates the concept of an imposed peace and opts for "agreement"—an "accepted settlement" by and between the parties. Thus, the experience of the 1957 imposed settlement, following the 1956 war, is not to be repeated. The Resolution contemplates a consensual peace agreement—scarcely surprising in light of the collapse of the 1957 imposed settlement and the shattering of the pre-existing Armistice Agreements.

Resolution 242, in most explicit terms, rejects the long-asserted claim of the Arab countries of the existence of a state of belligerency against Israel. The Resolution recognizes that belligerency cannot coexist with peace.

The Resolution calls for respect and acknowledgment of the sovereignty of every state in the area. Since Israel never denied the sovereignty of its neighboring countries, this language obviously requires these countries to acknowledge the sovereignty of Israel. The legislative history of 242, as reflected in the debates and votes in the Security Council and Special Session of the General Assembly held in 1967, shows that there was little support in the UN community at the time for the view that, after two decades, Israel's very existence could be denied by its Arab neighbors.

The Resolution, in dealing with the withdrawal of Israel's forces, does not explicitly require that Israel withdraw to the lines occupied by it on June 5, 1967, before the outbreak of the war. The Arab States urged such language; the Soviet Union

*The writer was the U.S. Ambassador at the United Nations during and after the 1967 Six-Day War. He helped draft Security Council Resolution 242.*

proposed this to the Security Council in June of 1967, and Yugoslavia and some other nations to the Special Session of the General Assembly which followed the adjournment of the Security Council. But such withdrawal language did not receive the requisite support either in the Security Council or in the Assembly. Indeed, Resolution 242 simply endorses the principle of "withdrawal of Israel's armed forces from territories occupied in the recent conflict," and interrelates this with the principle that every state in the area is entitled to live in peace within "secure and recognized boundaries." In light of Arab unwillingness to acknowledge Israel's right to sovereign existence, this language, though speaking in terms of all states, is designed primarily to assure Israel's right to secure boundaries recognized by its Arab neighbors.

The notable omissions in regard to withdrawal are the words *the* and *all* and *the June 5, 1967, lines*. (I am quoting from the English text of the Resolution. The French and Russian texts differ, but it was the English text which was voted upon at the Security Council meeting on Nov. 22 when Resolution 242 was adopted.) In other words, there is lacking a declaration requiring Israel to withdraw from *the* or *all* the territories occupied by it on and after June 5, 1967. Rather, the Resolution speaks of

withdrawal from occupied territories, without defining the extent of withdrawal, except that it is clear from the debates that less than total withdrawal is contemplated on all fronts. And the notable presence of the words "secure and recognized boundaries" by implication contemplates that the parties could make territorial adjustments in their peace settlement encompassing less than a complete withdrawal of Israeli forces from occupied territories.

### The Soviet and Arab View

The Arab nations, to buttress their claim that the Resolution calls for a complete Israeli withdrawal, say this interpretation of the Resolution's withdrawal language is overly restrictive. They point to the language of the Resolution emphasizing "the inadmissibility of the acquisition of territory by war." This language, the Arab states argue, calls in effect for complete withdrawal of Israeli forces from all of the territories occupied by them in the Six-Day War. Further, the Arab states contend that the UN Charter itself supports, in spirit, their contention that military conquest of territory is inadmissible.

It is passing strange that the concept of the inadmissibility of acquisition of territory by war is insisted and relied upon by the Arab states and the Soviet Union. The Arab states acquired territory as a consequence of the 1948 war, contrary to the UN Partition Resolution. The Israelis also acquired additional territory in the aftermath of this war, which they justify on the basis that they were willing to abide by the partition lines but were forced to war and acquired territory as a result of the attack upon them by the Arab states.

More surprising is the Soviet support of the principle of the inadmissibility of the acquisition of territory by war. The Soviet Union holds territory in its firm grasp acquired in recent times by war from Finland, Poland, Romania, Japan and other states. Even our own country, some time ago, acquired territory by war from Mexico and Spain, and numerous other examples involving many nations could be cited.

The Resolution speaks of "respect and acknowledgment of . . . the territorial integrity of every state in the area." This, too, is much relied upon in support of the demand for complete withdrawal of Israeli forces from all of the Arab territories. It is rather ironic that, for many years, it was the Israelis who sought respect for their territorial integrity which was denied them by the Arab states.

But the territorial language of the Resolution is part of and qualified by language in the same sentence, declaring the right of all



states "to live within secure and recognized boundaries free from threats and acts of force." The secure and recognized boundaries language, the legislative history shows, represents a major concession to Israel which, as I have pointed out, found the armistice lines often violated and insecure.

The logic of coupling the territorial and secure boundaries concepts is that both territorial integrity and secure and recognized boundaries are to be reconciled in the give and take of negotiations between Israel and the Arab states culminating in peace agreements.

The most that can be said of the withdrawal and related language of Resolution 242, in light of its legislative history, is that it neither commands nor prohibits territorial adjustments in the peace agreements contemplated by the Resolution, although it "tilts" in favor of adjustments to ensure secure boundaries for Israel. This is not to say that the Resolution contemplates a complete redrawing of the map of the Middle East, but it also does not insist upon only "minor border rectifications." Further, the withdrawal language of the Resolution would seem to indicate that its patent ambiguities, and the differing interpretations of the parties, can only be resolved by an accepted and agreed upon settlement concluded after negotiations between the parties.

### Freedom of Navigation

On certain aspects, the Resolution is less ambiguous than its withdrawal language. Resolution 242 specifically deals with free passage through international waterways. In precise language it affirms "the necessity for guaranteeing freedom of navigation through international waterways in the area." This language demonstrates the lack of sympathy of the powers, big and small, against interference with free passage in international waterways. With an end of belligerency, no good reason would exist under international law for denial to Israel of access to the Suez Canal and, particularly, to the Straits of Tiran—the closing of which by President Nasser of Egypt was universally recognized and forewarned by Israel to be a *causus belli*. The Resolution would similarly preclude a blockage of Bab el Mandeb.

The Resolution refers to the utility of the establishment of demilitarized zones in assuring peace and guaranteeing territorial inviolability. The location of the demilitarized zones is left, obviously, to the parties to negotiate.

By design, all of the foregoing provisions of the Resolution are stated in preambulatory language or as principles or guidelines for a peace agreement. The only truly operative parts of the Resolution are the paragraphs requiring the Secretary-General "to designate a Special Representa-

tative to proceed to the Middle East to establish and maintain contacts with the states concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution," and requesting the Secretary-General to report on the Special Representative's progress. These paragraphs strongly support the view, which I have already expressed, that a peace settlement is not to be imposed and that the Resolution is not self-implementing. In fact, it is impossible to see how the Resolution, in light of its terms, can be self-implementing. Rather, its plain meaning is that with third party assistance, the parties are to negotiate and to agree upon an acceptable settlement peace and peace agreements.

### Jerusalem Omitted

A notable and purposeful omission in the Resolution is any specific reference to the status of Jerusalem and its failure to reaffirm past UN resolutions for the internationalization of the city. Resolution 242 thus realistically recognizes the desuetude of the internationalization resolutions and leaves open the possibility of an agreement upon a unitary Jerusalem under Israeli jurisdiction with some special status for the Arab states with regard to Moslem holy places. Further, the interest of Christians in their holy places would, of course, have to be recognized and safeguarded.

Another notable omission in the Resolution is any reference to the Palestine

Liberation Organization, or to a Palestinian state on the West Bank. The Resolution speaks in terms of "achieving a just settlement of the refugee problem." Of course, time works changes, and almost everyone recognizes that the problem of "the Palestinians" will have to be dealt with in a final settlement.

There is further light on the ambiguities and meaning of Resolution 242 in its legislative history. This history dates back to the days preceding the very outbreak of the war.

In May, 1967, the late President Nasser moved substantial Egyptian forces into the Sinai, ejected the UN peacekeeping forces, reoccupied the strategic and previously demilitarized Sharm-el-Sheikh, and proclaimed a blockade of the Straits of Tiran. In so doing, President Nasser disrupted the status quo in the area which had prevailed since the '56-'57 war.

These were ominous measures. Israel, which under American pressure had withdrawn its forces from Sinai and Sharm-el-Sheikh in 1957, had consistently affirmed that a blockade of its ships and cargoes seeking to pass through the Straits of Tiran would be a cause of war. Moreover, faced with divisional forces of well-armed Egyptian troops on its borders and increasingly provocative statements by Nasser and other Arab leaders, Israel had little choice but to order mobilization of its largely civilian army. Tension in the area became increasingly acute.

It was justified concern which, therefore, prompted the Western powers, including the United States, to take the initiative in

### Resolution 242

Adopted by the Security Council at its 1382nd meeting,  
Nov. 22, 1967

#### *The Security Council,*

*Expressing* its continuing concern with the grave situation in the Middle East,  
*Emphasizing* the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every State in the area can live in security,

*Emphasizing further* that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter,

1. *Affirms* that the fulfillment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:

- (i) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;
- (ii) Termination of all claims or states of belligerency and respect for and acknowledgment of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;

2. *Affirms further* the necessity

- (a) For guaranteeing freedom of navigation through international waterways in the area;
- (b) For achieving a just settlement of the refugee problem;
- (c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measures including the establishment of demilitarized zones;

3. *Requests* the Secretary-General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;

4. *Requests* the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.

## *"The notable omissions in regard to withdrawal are the words 'the' and 'all' . . ."*

convoking the United Nations Security Council in an attempt to avert a conflict by restoring the previous status quo.

These attempts in the Security Council and through private diplomatic channels failed because of Arab objections supported by the Soviet Union. Apparently, whatever the reason, both were ready to risk war rather than reestablish the conditions which had previously prevailed in the area.

When the war did break out on June 5, 1967, attempts were renewed again by the Western powers to bring about an effective cease-fire that very day, in the hope of stabilizing the situation before it changed beyond repair. Whether because of faulty intelligence or prideful unwillingness to face the facts, the Arab states supported by the Soviet Union refused to permit a cease-fire resolution to be voted on the first day of the war, even though this was obviously to their advantage. It will be recalled that in the first few hours of the fighting, the Egyptian air force was effectively destroyed and the fate of the war thereby determined.

It was only on the second day of the war, after it became publicly apparent that Israel, for all practical purposes, had already won the war, that agreement was reached in the Security Council on a simple resolution calling for a cease-fire. And even then it took time to get acceptance from Jordan, and even more time to obtain Syrian acquiescence to a cease-fire, although Israeli forces were advancing on their fronts.

The cease-fire resolutions which were ultimately adopted during and following the Six-Day War differed dramatically, however, from previous resolutions of the Council in the Israeli-Arab wars of the preceding 19 years. In the earlier resolutions, the call for a cease-fire was usually accompanied by a demand for a withdrawal of troops to the positions held before the conflict erupted. In June of 1967, however, no withdrawal provisions were incorporated as part of the cease-fire resolutions. This was not by accident but rather as a result of the reaction by a majority of the Security Council to what had occurred.

### **Who Was the Aggressor?**

As the debates revealed, the requisite majority of the Council was unwilling to vote forthwith withdrawal of Israeli forces because of their conviction that to return to the prior armistice regime would not serve the goal of a just and lasting peace between the parties. Proof that this was so is provided by the action of the Security Council with respect to a resolution pressed at the time by the Soviet Union. The Soviet delegate offered a specific resolution not only reaffirming the Council's call for a cease-fire, but, additionally, condemning

Israel as the aggressor and demanding a withdrawal of its forces to the positions held on June 5, 1967, before the conflict erupted. But this resolution of the Soviet Union, although put to a vote, did not command the support of the requisite nine members of the Security Council.

Israel was not condemned as an aggressor because of the conviction of a majority of the Security Council, shared by world opinion, that President Nasser's actions, particularly the eviction of the UN peacekeeping forces, the substantial movement of his troops into the Sinai, and the blockade of shipping in the Straits of Tiran, were the causes of the war, regardless of who fired the first shot.

But even more fundamentally, the debates in the Council made it clear that a majority of members felt strongly that something more was needed to assure peace than the fragile Armistice Agreements that had prevailed for the previous 19 years and had frequently been breached.

In short, the unwillingness to support the Soviet resolution for a withdrawal of Israeli forces to the positions they held before June 5, 1967, was based upon the conviction of this substantial number of the Security Council members that, whatever the extent of withdrawal of Israeli troops, it should this time be in the context of accepted and agreed upon peace settlements, ensuring secure and recognized boundaries for Israel.

The Soviet Union did not allow the matter to rest with its defeat in the Security Council. It called for a Special Session of the General Assembly which convened on June 17, 1967. It is important to recall that the General Assembly also refused to adopt by the requisite two-thirds majority a resolution offered by Yugoslavia and several other members and supported by the Soviet Union and the Arab states, differing somewhat in tone but not in substance from the prior Soviet resolution, rejected by the Security Council.

With the adjournment of the Special Session of the General Assembly in September 1967, the matter once again reverted to the Security Council, and again became the subject of further public debate, as well as intensive private negotiations. These finally culminated in the November 22 Resolution 242.

This Resolution offered by the British Representative, Lord Caradon, stemmed in substantial degree from a General Assembly resolution offered by the Latin American states to the Special Session and a United States resolution offered to the resumed Security Council meeting. The unanimous support for Resolution 242 was the product in considerable measure of intensive diplomatic activity by the United

States both at the United Nations and in foreign capitals throughout the world. This is not to say that Great Britain, the various Latin American countries, India and others were not actively engaged in the negotiations and diplomatic activity, but it cannot be gainsaid that the United States took the primary role in the adoption of the November 22 Resolution.

It should be noted that before the vote on the November 22 Resolution, the Soviet Union offered a draft resolution again calling for withdrawal of Israeli troops to the June 5 lines. It did not, however, press this resolution to a vote. Then, and only then, was the stage set for the adoption of the November 22 Resolution.

It is only fair to say that too much cannot be made of this matter of not pressing a resolution to a vote by the Security Council. The United States itself had resorted to this practice in the Middle East debates. The significance of withdrawing a resolution can only be evaluated by comparing the resolution withdrawn with the one adopted. In this instance, the proposed Soviet resolution differed in tone and approach from the resolution adopted. On the other hand, the United States resolution was closely akin to the final version.

Arab unwillingness to face up to the realities persisted throughout the debates at the Security Council and the General Assembly and until Nov. 22, 1967. The Arab States, during the Special Session of the General Assembly, even rejected a compromise urged upon them by the Soviet Union because the compromise entailed the renunciation of belligerency and acknowledgment of Israel's right to exist as a sovereign nation with secure borders and with full access to the Suez Canal and the Gulf of Aqaba.

### **Everyone Accepted 242**

Why then did the Arab States accept Resolution 242, incorporating these principles, and why do they still profess acceptance of it? Why did Israel accept, and why does it still adhere to its acceptance?

Having been rebuffed both in the Security Council and in the Assembly, the Arab states belatedly came to the conclusion that the language of Resolution 242 was the best they could hope for from the UN. They obviously counted on the Resolution's ambiguities to permit them to assert their own interpretation of the Resolution. They also heavily relied upon major Soviet support both diplomatically and militarily. Further, they conceived that the passage of time would erode the support of the United States and like-minded states for Israel.

To a certain extent, Arab calculations have been realized. World opinion overwhelmingly supportive of Israel as the

"underdog" at the time of the war has, in some degree, shifted to a measure of sympathy for the defeated and now "underdog" Arab states. Some countries have watered down their prior support of the Resolution's principles—witness a resolution proposed to the Security Council in 1974 and vetoed by the United States which sought to reinterpret Resolution 242, although purporting to adhere to it. Witness also the abject attitudes of many nations to the Arab oil "blackmail."

The Israelis accepted Resolution 242, interestingly enough, for some of the same reasons as their Arab antagonists. It was the best Israel could hope to get from the UN under the given circumstances. They were rightly fearful that their diplomatic support would erode if Israel proved to be intransigent. Like the Arab states, the Israelis concluded that the Resolution's ambiguities permitted them to assert their own interpretation of the Resolution. The Israelis were also unwilling to provoke the Soviets unduly, fearing greater involvement by them in the area—a fear justified by recent events. Most important, Israel, rightly or wrongly, recognized the danger of alienating the United States Government and American public opinion by an overly inflexible position in light of Israel's need for military hardware and economic assistance which has been forthcoming.

### "Spirit, Intent and Background"

The foregoing analysis of the text and legislative history of Resolution 242, for reasons of space, cannot be all-encompassing. Nevertheless, I believe, despite its brevity, it accurately summarizes the spirit, intent and background of 242.

Despite the passage of time since the adoption of Resolution 242 and the 1973 war and, perhaps, *because* of these events, I adhere to the view that the Resolution does provide the basis to achieve a peaceful and accepted settlement between the parties, provided they will come to share the will and courage to achieve a just and lasting peace, which is the goal of the Resolution. Perhaps my "optimism" is based on the fact that the Resolution gives something to both sides.

I do not, however, wish to minimize the difficulties in achieving a peace agreement. Only strong and secure leaders, buttressed by popular support, can consummate a peace settlement; for peace, if it is to be lasting, necessarily involves compromise and political risks.

My ultimate conclusion is that peace in the Middle East is not at hand but that it is ultimately achievable on the basis of the guidelines set forth in Resolution 242. This assumes that there is a shared desire for peace and a realistic approach to the negotiations either under United States auspices or at Geneva by both the adversary parties and the superpowers. This is a very large assumption. Whether it is a warranted one, we shall see.

## Analysis

In calling for compensation to Palestinian Arab refugees during his May 26 press conference, President Carter neglected to mention the other, larger part of the refugee problem—the more than 800,000 Jews who were forced to flee from their homes in Arab countries after Israel was declared independent in 1948.

This "other" refugee problem was not neglected in last year's Democratic Party Platform, which said: "We recognize that the solution to the problems of Arab and Jewish refugees must be among the factors taken into account in the course of continued progress toward peace."

The omission not only leads to misinterpretation of UN Security Council Resolution 242, but also gives a cruel twist to history in light of the assistance already afforded the Arab refugees by Israel and the lack of even the most basic help given their own people by the Arab countries.

Resolution 242, which the Administration last week affirmed was, along with Resolution 338, the only recognized basis of U.S. Middle East policy, calls for a "just settlement to the refugee problem," meaning both Jewish and Arab refugees. The World Organization of Jews from Arab Countries (WOJAC) points out that little is heard about the Jewish refugees because they were absorbed quickly. But to ignore their claims for compensation is to reward Arab political maneuvering at the cost of human suffering and to disregard Israel's humanitarian actions.

The circumstances leading to the mass emigrations were widely different for Jews and Arabs, as was their treatment after resettlement. Israel did not compel its Arab residents to leave during the 1948 war. In fact, the Israeli Government, the Histadrut and others begged them to stay and carry on a peaceful, daily existence. But 590,000 Arabs left, encouraged to flee by the incitement of their own leaders and threatened as "traitors" to the Arab cause if they remained. (Despite these pressures, some 250,000 Arabs did remain and became citizens of the new state.)

Those who left were promised by the Arab leaders a return to their homes in a few short weeks after the liquidation of Israel. As former prime minister of Syria, Khaled El-Azm, wrote in his *Memoirs*: "We brought disaster upon one million Arab refugees, by inviting them and bringing pressure to bear upon them to leave their land, their homes, their work and their industry. We have rendered them dispossessed, unemployed, whilst everyone

## Two Refugee Problems

of them had work or trade by which he could gain his livelihood."

Jews in Arab lands, on the other hand, were subjected to persecution which became intolerable. During the 1947 UN debates, for example, the Egyptian representative informed the General Assembly that "the lives of a million Jews in Moslem countries will be jeopardized by the establishment of the Jewish State." In 1948, there were one million Jews living in Arab and Muslim countries of Asia and North Africa; today there are only a few thousand left.

Palestinian refugees were left to the well-being of UNWRA, to which Israel, ironically, has contributed more funds since 1950 than any Arab state except Saudi Arabia. The Palestinians have been refused citizenship rights by every Arab state except Jordan, with the intent of keeping them a separate and highly visible political tool for exploitation against Israel. More than \$1 billion has been spent on the Palestinian refugees, yet most of the people, who comprise only one percent of the total Arab population and who share a common heritage, religion and culture with their Arab "hosts," still live in camps under miserable conditions.

Israel, in contrast, has worked hard to rehabilitate its refugees. They were quickly enfranchised and absorbed into the life of the country, despite the fact that Israel was swamped with other refugees as well, including hundreds of thousands of survivors from Nazi concentration camps. Between 1948 and 1951, more than 680,000 immigrants arrived in Israel—a figure virtually identical to the total population of the new state in 1948.

Jewish refugees from Arab countries who were forced from their homes, certainly deserve compensation as much as Arab refugees, who were welcome to remain in theirs, but left nevertheless.

—MIMI K. MILTON

### It's Official

Here are the official results of the recent election for 120 seats in the Israeli Knesset (Parliament) Likud 43; Labor Alignment 32; Democratic Movement for Change 15; National Religious Party 12; Democratic Front for Peace and Equality (New Communist List and Black Panthers) 5; Agudat Israel (Religious) 4; Shelli (Left-Socialist) 2; Shlomzion (Arik Sharon) 2; Citizens' Rights Movement 1; Flatto-Sharon 1; Independent Liberals 1; Poalei Agudat Israel (Religious Workers) 1; and the United Arab List 1.

1309

THE WHITE HOUSE  
WASHINGTON  
March 13, 1978

Stu Eizenstat  
Bob Lipshutz

The attached was returned in  
the President's outbox and  
is forwarded to you for your  
information. The signed original  
has been given to Bob Linder  
for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: JAPAN AIR LINES - DOCKET 31965

## THE WHITE HOUSE

WASHINGTON

March 10, 1978

## MEMORANDUM FOR THE PRESIDENT

FROM: Stu Eizenstat *Stu*  
Bob Lipshutz *RL*

SUBJECT: CAB Decision Re Japan Air Lines  
Docket 31965

Our bilateral air agreement with Japan would permit Flying Tiger to engage in all-cargo flights from Japan to Singapore. The Japanese government has refused to give Flying Tiger such rights. As a retaliatory measure, the CAB proposes to reduce from 34 to 28 the number of all-cargo flights which Japan Air Lines can offer to this country each week.

The Japanese government took its action against Flying Tiger on January 7. On January 10 we informed the Japanese that we viewed its action as a violation of the bilateral agreement for which a retaliatory response might be required. We negotiated with the Japanese on this issue between February 20 and 24 but no agreement was reached. Negotiations are scheduled to resume on March 15.

The Board's proposed Order would not become effective until 30 days after it is served on JAL. If a negotiated settlement with the Japanese is reached within that time, the Board would, at your request, vacate the Order.

Agency Recommendations

All agencies agree that Japan's failure to approve Flying Tiger's request violates the bilateral air agreement. All agencies also agree that the bilateral permits the United States to protect its interests through retaliatory action.

The timing of such action represents the sole dispute among the agencies. State and Transportation believe that your approval of the Board's Order would have a negative impact on the negotiations with the Japanese which will resume March 15. They recommend that you ask the Board to stay its

Order at this time but indicate that you will remove the stay if the negotiations are not fruitful. NSC concurs with this recommendation.

Justice recommends that you approve the Board's Order, believing it is necessary to impress upon the Japanese our concern about this violation before the negotiations resume. OMB agrees with Justice, noting that the discussions with the Japanese on this matter began in January and that we have not rushed precipitously toward retaliatory action.

Our Recommendation

We agree with State and Transportation that you should stay the Board's Order at this time. We believe that your letter to the Board can be written forcefully enough to convey our concern over this matter to the Japanese without taking action which could prove counterproductive in the March 15 negotiations. Such a response would be consistent with your letter to the Board last week concerning the British government's refusal to permit Braniff to implement low fare tariffs between Dallas and London. State and Transportation have also informed us that it will be helpful to our negotiations with the Japanese to have the President take a somewhat more conciliatory approach than the Board.

The Board's action becomes effective unless you act by March 13.

Decision

\_\_\_\_ Stay Board's Order  
(We recommend; State,  
DOT and NSC recommend)

SIGN ATTACHED LETTER

\_\_\_\_ Approve Board's Order  
(Justice and OMB  
recommend)

TAKE NO ACTION

THE WHITE HOUSE

WASHINGTON

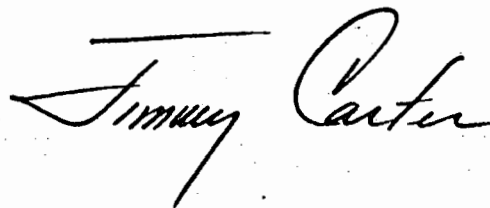
To Chairman Alfred Kahn

I have reviewed your Order (Docket 31965) dated March 3, 1978, proposing to reduce the schedules of Japan Air Lines Company, Ltd., pursuant to Part 213 of the Board's economic regulations.

I concur with the Board that the Japanese authorities have violated the U.S.-Japan Civil Air Transport Agreement and related understandings by refusing to approve schedule changes of U.S. airlines, and that responsive action may properly be taken by the U.S. Government as a result. I have, however, decided to stay the Board's proposed Order for foreign policy reasons in light of the aviation negotiations with the government of Japan which resume on March 15. These discussions should take place in a positive climate. I am confident that the Japanese authorities, upon reconsideration during the negotiations, will remove the basis for the Board's Order by approving U.S. airline schedule changes.

If the negotiations do not resolve the matter, <sup>by March 31,</sup> I will consider removing my stay promptly.

Sincerely,



The Honorable  
Alfred Kahn  
Chairman  
Civil Aeronautics Board  
Washington, DC 20428



THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Stu Eizenstat  
Jack Watson

The attached was returned in the President's outbox and is forwarded to you for your information. The signed original has been given to Stripping for mailing.

Rick Hutcheson

RE: NATIONAL GOVERNORS ASSOC.  
PROPOSED AMENDMENTS TO  
HEALTH PLANNING ACT

cc: Stripping



THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
JOE ONEK  
SUBJECT: Letter to Governor Richard D.  
Lamm

Governor Lamm wrote you a letter setting forth the National Governors Association's proposed amendments to the Health Planning Act.

Since the Administration's legislation includes most of the NGA amendments, we thought you might wish to respond to Governor Lamm personally.

A proposed letter is attached.

THE WHITE HOUSE

WASHINGTON

March 13, 1978

To Governor Richard Lamm

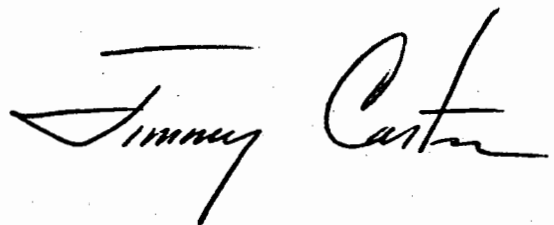
Thank you for your letter presenting NGA's proposed amendments to P.L. 93-641.

I share your commitment to improving the health planning process. State governments can improve the process by helping to ensure that planning decisions are consistent with other regulatory actions and with the views of the electorate. I support an increased role for the states in the health planning structure.

I am enclosing for your information a copy of the Administration's Health Planning legislation. Many of its key provisions are identical to the amendments submitted by the National Governors' Association. Secretary Califano assures me that a number of problems relating to day-to-day administration of the planning program, which are addressed in the NGA amendments, will be resolved by departmental regulations in the near future.

I am pleased that we are able to work together on this legislation.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with the first name "Jimmy" and the last name "Carter" clearly distinguishable.

The Honorable Richard D. Lamm  
Chairman  
Task Force on Health Planning  
The National Governors' Association  
444 North Capitol Street  
Washington, D.C. 20001

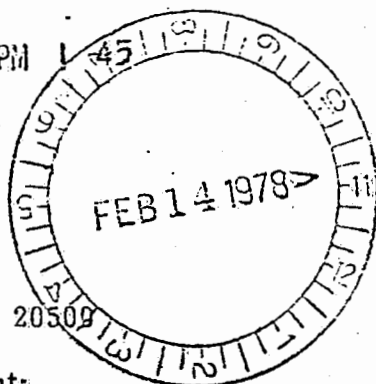


# National Governors' Association

William G. Milliken  
Governor of Michigan  
Chairman

Stephen B. Farber  
Director

1978 FEB 11 PM 1:45



February 8, 1978

The President  
The White House  
Washington, D.C. 20509

Dear Mr. President:

Having been designated by the National Governors' Association as the lead Governor on P.L. 93-641, I am submitting to you NGA's proposed amendments to this most significant piece of federal legislation. First, I want to share with you the philosophy behind NGA's proposals.

The National Governors' Association shares the concerns of the federal government regarding the need for a high quality, cost-effective and integrated medical and hospital care system and the need for an adequately funded system of public health services and preventive health services. Informed planning, fair regulation and reasonable resource development—all based on adequate data—are the appropriate tools to achieve such outcomes. The Association welcomes the federal financial support being provided to utilize these tools to attain our common goal.

At the same time, however, it is necessary to state clearly several underlying concerns regarding any effort aimed at reforming the health system:

- o Existing strengths in the system must be recognized and utilized.
- o Decisionmakers must be accountable to the communities affected.
- o Health decisions should be made in the context of other social priorities.
- o Performance, not process, should be the basic standard for evaluation.
- o Diffusion of authority and responsibility results in less change and less accountability rather than more.
- o Adequate resources must be provided to the decisionmakers, including enough competent staff and sufficient data sources.

The amendments to P.L. 93-641 being proposed by NGA represent an effort to address perceived weaknesses in the existing law. They were developed with the assumption that little opportunity exists to substantially alter the system for planning, resource development, and regulation created by P.L. 93-641. The amendments, therefore, seek to improve the existing program using the components of P.L. 93-641. The amendments essentially fall into two categories—those designed to facilitate the day-to-day administering of the program (Items #16-21), and those aimed at clarifying the structure and functions addressed by the statute, particularly the responsibilities,

February 8, 1978

work products, and relationships of the private agencies (both the HSAs and the SHCC) created by P.L. 93-641 vis-a-vis established state and local governmental bodies, with the purpose of improving performance and accountability (Items #1-5, 7-11, 13-15 and 22). Items #6 and 12 may be regarded as falling into both categories.

P.L. 93-641 is insensitive to many existing components at the state and local level that are integrally involved in the health care system. Remaining at the state and local level, not subject to provisions of P.L. 93-641, is a preponderance of critical health-related functions including the power to license health care facilities and personnel, to regulate health insurance, to fund essential medical care service programs, and to conduct a range of public health programs. Still active at the state and local levels, not subject to the provisions of P.L. 93-641, are such key health decisionmakers as state and local boards of health, state Medicaid and state insurance directors, and such legislative bodies as state legislatures, boards of county commissioners, and city councils—responsible for appropriating funds to conduct such health programs as those cited above.

The state governments of this nation are inextricably involved in delivering health care services and making other vital health and welfare decisions for their constituents. Therefore, it is only logical that the state should be at the center of the health planning program—operating, on the one hand, in conjunction with the federal government on issues which require national uniformity or involve either federal funds or federal constitutional responsibilities and, on the other hand, with HSAs, local agencies (both public and private), communities, and various interest groups on matters where grassroots input is valuable, where regional variations must be accommodated, and where local action is preferable to state or federal efforts.

It is not only unnecessary but counterproductive to create a private federally supported health planning system to compete with state and local planning and resource development efforts. Key state officials both in the executive and legislative branches are publicly accountable to the electorate in a way in which the boards of private, non-profit corporations, not elected by the communities they serve, can never hope to be. The difficulties in assuring that the critical health decisions of an HSA are made in accordance with the wishes of the people are self-evident. Such an approach obviously identifies health decisions as "political"—but we would submit that any decision affecting the allocation of scarce resources is ultimately a political act.

Placement of the states in a prominent position in the health planning structure is also consistent with one of the basic tenets of American federalism: that the states would serve as social laboratories in which innovative efforts may be undertaken on problems where there is not clear solution or consensus rather than mandating a uniform approach. Surely the complex issues and the lack of certain remedies facing the present health system represent a problem where controlled experimentation could be useful.


February 8, 1978

NGA believes the innovative efforts and apparent successes of a number of states in recent years (for example, hospital rate setting commissions, catastrophic health insurance, and innovative health insurance regulation schemes) document the fact that states can both comprehend the issues and make the difficult decisions necessary to reform our health delivery system. Recognizing the national concern on this matter, we would support the development and application of performance standards to evaluate the efforts of the states and, where necessary, allow the substitution of federal decisionmaking for that of a state should the state's own efforts fail to meet the standards.

The HSAs would continue to serve an indispensable role as grass roots planning agencies—but would be accountable to the state and, through the established political process, to the public. In this way, the HSAs' work would be well coordinated with that of other ongoing health efforts and priorities at the state level where most health decisions are now and will continue to be made.

The amendments proposed by NGA will move us toward a realistic, accountable and effective health planning and resources development system. They build on existing system strengths rather than shoving them aside. They vest authority and responsibility not only at a single level but at a level which is publicly accountable to the electorate and still responsive to the concerns of the federal government. They will enable increased progress to be made toward essential reforms in our health care system, including the capacity-building required for any nationwide medical care financing program. They will enable the structure created by P.L. 93-641 to work—to the benefit of the entire nation.

Very truly yours,

  
Governor Richard D. Lamm  
Chairman  
Task Force on Health Planning

Enclosure

NATIONAL GOVERNORS' ASSOCIATION

SUGGESTED AMENDMENTS  
TO  
TITLE XV AND TITLE XVI  
PUBLIC HEALTH SERVICE ACT

The National Governors' Association at its annual meeting on September 9, 1977, adopted a statement of policy concerning changes needed in the National Health Planning and Resources Development Act of 1974. The twenty proposed amendments which are listed here would substantially implement the policy statement. The intent of each amendment is described below; immediately following is the text of the proposed amendment.

No. 1 would permit the development of a "final state health plan" if the Governor of a state chose to approve such a document.

No. 2 would not require a state health planning and development agency (SHPDA) to act contrary to state law when it implements health plans.

No. 3 would require the statewide health coordinating council (SHCC) to review and recommend approval or disapproval of any formula grant plans to the Governor. It would permit the Governor to submit such a plan notwithstanding the SHCC's disapproval.

No. 4 would permit the Governor to name the chairperson of the SHCC.

No. 5 would allow the Governor to require each health systems agency (HSA) to submit five names for each seat on the SHCC to which it is entitled.

No. 6 would entitle each HSA whose area is totally within the state to the same number of representatives on the SHCC. It would entitle each interstate HSA to a number of SHCC representatives in proportion to its population within the state.

No. 7 would allow the Governor to appoint up to 70 percent of the SHCC directly (i.e., not from lists of nominees supplied by the HSAs).

No. 8 would permit the Governor to assume the role of the Secretary in relationship to the HSAs within the state. The Governor would be required to assure the Secretary that he or she had the authority to do so and that the purposes of Title XV and XVI of the Public Health Service Act were being achieved. The Governor would not be permitted to supplant the federal accounting requirements (Section 1512 (b)(6)) nor to make the basic grants to HSAs.

No. 9 would require the HSA to make recommendations to the Governor on federal funds which are allocated to the states and then spent for local projects. Presently, this review is made for the Secretary of HEW.

No. 10 would allow the governing body of a local government or regional planning unit which is a health systems agency to appoint the agency staff, approve its plans, establish criteria for reviews and review decisions appealed from the separate HSA governing body. The language included in this draft is identical to that which is supported by the National Association of Counties (NACo).

No. 11 would allow the governing body of a public agency which is an HSA to appoint the separate governing body for health planning. Again the language is the same as that supported by NACo.

No. 12 would require that the mechanism for appeals by aggrieved parties of SHPDA decisions be consistent with state law.

No. 13 would require that all Governors involved agree to keep an interstate SMSA within the same health service area. Presently, the Governors must agree to split the SMSA if it is to be split.

No. 14 would forbid the inclusion of the total area of a state within a single health service area without the prior consent of the Governor.

No. 15 would allow states which otherwise would have a single health service area to be eligible for Section 1536 status. Taken together, No. 14 and No. 15 would allow states with statewide HSAs two other options; they could also choose to have no HSA or more than one HSA.

No. 16 would allow HSAs to carry over unspent funds from one contract year to the next.

No. 17 would allow SHPDAs to carry over funds from one contract year to the next.

No. 18 would have the effect of allowing a 180-day period for any project review required by the health planning law.

No. 19 would require public "meetings" on the state health plan rather than public "hearings."

No. 20 would require public hearings only in relation to a final decision by the SHPDA. Presently, the statute would require hearings on an unlimited number of occasions during the review process.

No. 21 would require the full review of a health systems plan by a health systems agency every three years.

No. 22 would require that annual implementation plans developed by health systems agencies be related to the goals of the final state health plan developed by the SHCC and approved by the Governor.

- (1.) Section 1523 should be amended by adding a new Section 1523(b) and by reclassifying the existing Sections 1523(b) and 1523(c) as Sections 1523(c) and 1523(d) respectively:

"(b.) A state agency of a state designated under Section 1521(b)(3) may, except as authorized under Subsection (c), perform within the state the following functions:

"(1.) Transmit the state health plan prepared by the Statewide Health Coordinating Council under Section 1524(c)(2) to the Governor for approval. As required by the Governor, the state agency shall revise the state health plan and shall inform the Statewide Health Coordinating Council of such revisions. As approved by the Governor, such revised plan shall become the final state health plan, and the state agency shall transmit it to the Secretary."

To conform:

The reference to "Subsection (b)" in Section 1523(a) should be changed to "Subsection (c),"

Section 1522 should be amended to add a new Subsection (c) and the existing Subsection (c) should become Subsection (d):

"(c) The state program of a state may —

"(1) provide for the establishment of a final state health plan as described in Section 1523(b)(1)."

- (2.) Section 1523(a)(1) should be amended to read:

"(1) Conduct the health planning activities of the state and consistent with state law implement those parts of the state health plan..."

- (3.) Section 1524(c)(6) should be amended as follows:

"(6) Review annually and ~~approve-or-disapprove~~ make recommendations to the Governor for the approval or disapproval of any state plan and any application (and any revision of a state plan or



application) submitted to the Secretary as a condition to the receipt of any funds under allotments made to the states under this Act, the Community Mental Health Centers Act, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970. ~~Notwithstanding any other provision of this Act or any other Act referred to in the preceding sentence, the Secretary shall allow a~~ The Governor shall allow the SHCC sixty days to make the review required by such sentence the preceding sentence. If a SHCC disapproves such a state plan or application, the Secretary may not make federal funds available under such state plan or application until he has made, upon request of the Governor of the state which submitted such plan or application or another agency of such state, a review of the SHCC decision. If after such review the Secretary decides to make such funds available, the decision by the Secretary to make such funds available shall be submitted to the SHCC and shall contain a detailed statement of the reasons for the decision. Any such state plan, application, or revision shall include the recommendations made by the SHCC pursuant to this paragraph. If a state plan, application, or revision with respect to which the SHCC has recommended disapproval is submitted to the Secretary, the Governor shall notify the SHCC of the submission and shall provide the SHCC and the Secretary a detailed statement of the reasons for the submission of the state plan, application, or revision."

(4.) Section 1524(b)(2) should be amended to read:

"(2) The SHCC shall select from among its members a chairman. The Governor of a state may appoint the chairperson of the SHCC of the state."

(5.) Section 1524(b)(1)(A)(i) should be amended to read:

"(A)(i) A SHCC shall have no fewer than sixteen representatives appointed by the Governor of the state from lists of ~~at least five~~ nominees submitted to the Governor by each of the health systems agencies designated for health service areas which fall, in whole or in part, within the state. Such lists of nominees shall include, at the Governor's direction, up to five nominees for each representative to which the health systems agency is entitled."

(6.) Section 1524(b)(1)(A)(ii) should be amended to read:

"(ii) Each ~~such~~ health systems agency designated for a health service area which falls in whole within a state shall be entitled to the same number of representatives on the SHCC. Each other health systems agency shall be entitled to a number of representatives which bears the same relationship to the population of its area falling within the state as the number of representatives to which the health systems agency designated for the most populous health service area wholly within the state bears to the population of its area."

(7.) Section 1524(b)(1)(B)(i) should be amended to read:

"...(i) the number of persons appointed to the SHCC under this subparagraph may not exceed ~~49~~ 70 percentum of the total membership of the SHCC, and..."

(8.) A new Section 1537 should be added to read:

"Sec. 1537(a.) The Governor of any state may perform the functions assigned by this Act to the Secretary relative to health systems agencies provided that the Governor can assure the Secretary that--

"(1.) the Governor has the authority to assume such functions; and,

"(2.) the purposes of Title XV and Title XVI of this Act are being carried out within the state.

"(b.) Any exercise of authority granted in Subsection (a.)—

"(1.) shall include the functions specified in Section 1535;

"(2.) may include the functions specified in Section 1511,  
Section 1512 (except those in subparagraph (b)(6)),  
Section 1513 and Section 1515; and,

"(3.) may not include the functions specified in Section 1512(b)  
or in Section 1516."

- (9.) Section 1513(e) of the Public Health Service Act should be amended
- (1) by inserting "(A)" after "(2)", (2) by striking out "paragraph (1)" each place it occurs in paragraph (2) and inserting in lieu thereof "paragraph (1)(A)(i)", and (3) by adding immediately before paragraph (3) the following:

"(B) Notwithstanding any provision of any Act referred to in  
paragraph (1)(A)(ii), the Governor, or the appropriate state agency,  
as the case may be, shall allow a health systems agency 60 days to make  
the review required by such paragraph. If a health systems agency  
disapproves a proposed use in its health service area of federal funds  
described in paragraph (1)(A)(ii), the Governor, or the appropriate  
state agency, as the case may be, may not make such federal funds  
available for such use until the Governor or state agency has made a  
review of the health systems agency decision; but the Governor or  
state agency may make such federal funds available for such use not-  
withstanding the disapproval of the health systems agency. Each  
decision by the Governor or state agency to make funds available for  
a use disapproved by a health systems agency shall be submitted to the  
health systems agency and shall contain a detailed statement of the  
reasons for the decision."

(10.) Section 1512(b)(3)(A) should be amended to read:

"(A) In general, a health systems agency which is a public regional planning body or unit of general local government shall, in addition to any other governing body, have a governing body for health planning, which is established in accordance with subparagraph (C), which ~~shall~~ may have the responsibilities prescribed by subparagraph (B), and which ~~has~~ may have authority to perform for the agency the functions described in Section 1513. The governing body of any unit of local government or regional planning unit which is a health systems agency shall have exclusive authority to:

- i) Establish personnel and other rules and regulations for the operation of the agency including the authority to hire and fire the executive director.
- ii) Review and approve or disapprove the Health Systems Plan and Annual Implementation Plan.
- iii) Review and approve or disapprove criteria required pursuant to Section 1532.
- iv) Review on appeal decisions made by the governing body for health planning under Section 1513 e-h.

Any other health systems agency...."

(11.) Section 1512(b)(3)(C) of such Act is amended by adding after and below clause (iv) the following: "A public regional planning body or unit of general local government which is a health systems agency may appoint the members of its governing body for health planning."

(12.) Section 1522(b)(13) should be amended by striking the existing language and replacing it with the following:

"(13) Provide that any person aggrieved by a decision of the state agency in the performance of a function under paragraphs (3), (4), (5) or (6) of Section 1523(a) or under Title XVI may appeal such

the practice and procedures of administrative agencies or, if there is no such state law, by an agency of the state (other than the state health planning and development agency) designated by the Governor. For purposes of this title and Title XVI, the decision of the agency or court making the review shall be considered the decision of the state health planning and development agency.

- (13.) The last sentence of Section 1511(a) should be amended to read:

"...Each standard metropolitan statistical area shall be entirely within the boundaries of one health service area, except that if the Governor of each any state in which...."

- (14.) Section 1511(a) should be amended by adding a new subparagraph (5) immediately following subparagraph (4):

"(5) The area shall not include the total area of a state without the prior consent of the Governor of such state."

- (15.) Section 1536(a) should be amended by renumbering subsections (1) and (2) as (2) and (3) respectively and by adding a new subsection (1):

"(1) could under the provisions of Section 1511 have all of its area included in a single health service area, or,"

Section 1536(b) should be amended to read:

"At the request of the Governor of a state in the case of an entity which..."

- (16.) The second sentence of Section 1516(a) should be amended to read:

"...shall ~~may~~, as prescribed by the Secretary, be available for obligation ~~for a~~ during any period ~~not to exceed the period for~~ in which its designation agreement is ~~entered into or renewed (as the case may be)~~ in effect."

(17.) The second sentence of Section 1525(a) should be amended to read:

"...shall, as prescribed by the Secretary, be available for obligation ~~only for a~~ during any period not to exceed the period for in which its designation agreement is entered into or renewed in effect."

(18.) Section 1532(b)(2) of the Public Health Service Act should be amended by inserting after "no review" the following: "by either a health systems agency or a state agency."

(19.) Section 1524(c)(2)(B) of the Public Health Service Act should be amended by striking out "hearing" each place it occurs and inserting in lieu thereof "meeting."

(20.) Section 1532(b)(8) should be amended to read:

~~"provision for public hearings in the course of agency or state agency review if requested by persons directly affected by the review; members~~ of the public to present testimony, both orally and in writing in public meetings in the course of agency or state agency review or decisions, and provision provide for public hearings, for good cause shown, respecting ~~agency and~~ state agency decisions."

(21.) Section 1513(b)(2) should be amended to read:

"...and the data developed pursuant to paragraph (1), establish, annually review on a periodic basis (but not less often than every three years), and amend..."

(22.) Section 1513(b)(3) should be amended to read:

"(3) The agency shall establish, annually review, and amend as necessary an annual implementation plan (hereinafter in this title referred to as the 'AIP') which describes objectives which will achieve the goals of the HSP final state health plan and priorities among the objectives..."

THE WHITE HOUSE

WASHINGTON

ST. JOHN'S EPISCOPAL CHURCH

Sunday - March 12, 1978

SEQUENCE:

10:50 a.m.

You and Mrs. Carter board motorcade  
at First Baptist Church and depart en  
route St. John's Episcopal Church.

10:55 a.m.

Motorcade arrives St. John's Episcopal  
Church.

PRESS POOL COVERAGE

You and Mrs. Carter will be met by:

Rep. Sonny Montgomery  
Mr. Jackson Ritchie, Church Warden  
Mr. John Winant, Church Warden

You and Mrs. Carter, escorted by  
Rep. Montgomery, Mr. Ritchie and  
Mr. Winant, proceed to President's pew.

10:58 a.m.

You and Mrs. Carter arrive President's pew  
and take your seats.

11:00 a.m.

Service begins.

12:00 noon

Service concludes.

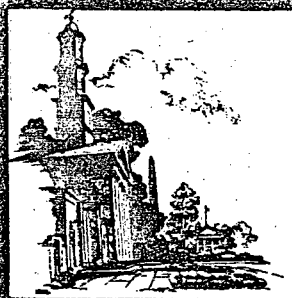
Escorted by Rev. John C. Harper, Rector  
of St. John's, you and Mrs. Carter depart  
President's pew en route motorcade for  
boarding.

12:05 p.m.

Motorcade departs St. John's Episcopal  
Church en route South Grounds.

12:10 p.m.

Arrive South Grounds.



# ST. JOHN'S CHURCH

LAFAYETTE SQUARE

WASHINGTON

THE REVEREND JOHN C. BARRETT, D.D., RECTOR

Fifth Sunday in Lent - March 12, 1978

11:00 A.M.

MASS IN G AND SERMON

Prelude: Lenten Chorales *Buxtehude (1637-1707)*  
Two Settings of Credo *Bach (1685-1750)*  
(Giant) and (Double Pedal)

Processional: Hymn 210 *Schmuecke Dich*

Opening Sentences

Lord's Prayer and Collects

Offertory: Hymn 197 *Picardy*  
(Children leave for classes)

Sermon: The Rector

MASS IN G

*Franz Schubert (1797-1828)*

- I. Kyrie
- II. Gloria
- III. Credo
- IV. Sanctus et Benedictus
- V. Agnus Dei

*Martha Steiger, soprano*  
*Bruce Kauffman, tenor*  
*Charles Kopfstein-Penk, baritone*

Blessing

+

*Written in 1815 when Schubert was just 18 years old, and of all the settings of the MASS text, this in G Major is the simplest and most lyric.*



THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Richard Pettigrew

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: BUILDING SUPPORT FOR  
REORGANIZATION

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

March 9, 1978

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/

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD A. PETTIGREW

*Rich*

SUBJECT:

Building Support for  
Reorganization

This memorandum outlines areas where I intend to focus during the coming months in attracting broad involvement by Congress, interest groups and the general public in reorganization.

Program to Date

My office's efforts have been concentrated to date in the following areas:

- o Developing Public Involvement. Guidelines have been developed to ensure systematic and genuine public consultation in each of the 20-plus reorganization projects now underway.
- o Consulting with Interest Groups. A major portion of our time is spent consulting with interest groups. Hundreds of groups have been consulted, often on a repeated basis. Interest group involvement has been particularly intense in the civil rights, civil service, human services, education and natural resources studies.

Special constituencies such as business, minorities, labor, and "good government" groups have been given continuing attention. I have devoted a good deal of attention to directing a special program which brings non-federal personnel to work in reorganization (for periods of six months or less). Currently, there are 40 people -- drawn primarily from business and academic institutions -- participating in this program.

- o Developing Congressional Support. Last fall, as you know, we conducted a survey of congressional constituent problems to identify government problem areas of particular concern. The first phase of the effort was enthusiastically received by both Members of Congress and the media. We are reviewing reports received from the agencies on their efforts to correct problems, and will report to you shortly.
- o Generating Media Attention and Support. In addition to the Washington media, we have been careful to keep editorial writers and other out-of-town press informed of reorganization initiatives. Distribution of the Reorganization Progress Report, efforts to "advance" field trips by the reorganization staff, and my own personal travel have been aimed at establishing awareness of reorganization throughout the country. My staff initiates all media efforts for the Reorganization Project.

#### Future Priorities

With some major reorganization plans now approaching final stages of development, I intend to shift my attention from general awareness-building to developing concrete political support for specific reorganization initiatives. My primary efforts will include:

- o Increased Contact with Congress. My aim will be to build support, particularly among new members, for specific reorganization initiatives as well as for broad reorganization themes. (My primary focus will be on civil service reform.) I will attempt to enlist congressional enthusiasm for both structural reorganization and the internal administrative reform efforts being carried out by individual agencies.
- o Enlarged Presidential Involvement and Identification with Positive Aspects of Reorganization. Many agency reforms, like those in EEOC and INS, offer immediate pay-offs, such as reduced backlogs and better handling of inquiries. I intend to monitor and promote such efforts. Wherever appropriate, I will propose opportunities for your personal identification and direct involvement with these efforts to make government work better.

-3-

- o Consultations with Interest Groups. To keep you well informed of interest group positions, I will carry on more intensive discussions with those groups having greatest interest in our central reorganization initiatives. I will also seek to enlist outside support for specific reorganization initiatives.

I welcome your guidance on these priorities.

Approve ✓ Disapprove        See me       



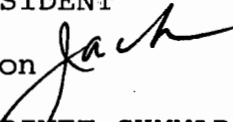
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson   
SUBJECT: WEEKLY CABINET SUMMARIES  
for the week ended March 10, 1978

I am attaching the weekly summaries.

Also attached is a reduced distribution list for Cabinet minutes. If you approve, we will be reducing the previous distribution by 14.

cc: The Vice President

Attachments

OFFICE OF THE GOVERNOR  
INDIANAPOLIS, INDIANA 46204

OTIS R. BOWEN, M. D.  
GOVERNOR

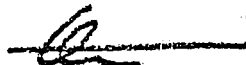
March 8, 1978

The Honorable Jack H. Watson, Jr.  
Secretary to the Cabinet  
Assistant to the President for  
Inter-governmental Affairs  
The White House  
Washington, D.C. 20500

Dear Jack:

✓ | In these difficult times, it is always a pleasure to receive a pat on the back and a thank you. I am grateful to you for the note you penned on the bottom of the letter to me on another subject. And now, may I return the compliment by stating that I have great respect for you and am aware of the constant pressure that you must be under. You have been very responsive and courteous to me at every meeting and through every means of communication. Tell the President, Mr. Schlesinger, Mr. Marshall and others who are dealing with this crisis that I appreciate their recent efforts and would encourage them to take even further steps very soon if coal does not begin to move. These decisions are indeed tough ones to make, but so necessary.

Kindest personal regards,



Otis R. Bowen, M.D.  
Governor

ORB:ss

1364

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: CABINET MINUTES -- DISTRIBUTION  
LIST

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
✓		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 10, 1978

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J

CABINET MINUTES - DISTRIBUTION LIST

Secretary Brock Adams  
Secretary Cecil Andrus  
Attorney General Griffin Bell  
Secretary Bob Bergland  
Secretary Mike Blumenthal  
Secretary Harold Brown  
Zbigniew Brzezinski  
Secretary Joe Califano  
Secretary Pat Harris  
Secretary Juanita Kreps  
Acting Director Jim McIntyre  
Secretary Ray Marshall  
Secretary Jim Schlesinger  
Charles Schultze  
Ambassador Bob Strauss  
Secretary Cyrus Vance  
Ambassador Andrew Young  
The Vice President

Administrator Max Cleland  
Susan Clough  
Midge Costanza  
Administrator Doug Costle  
Stuart Eizenstat  
Rex Granum  
Hamilton Jordan  
Bob Lipshutz  
Richard Moe  
Frank Moore  
Frank Press  
Administrator Jay Solomon  
Admiral Stan Turner

1362

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Jack Watson

The attached was returned in-  
the President's outbox today  
and is forwarded to you for  
your information. The signed  
original has been given to  
Bob Linder.

Rick Hutcheson

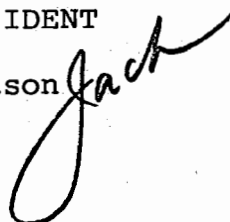
RE: PD - EXTENSION OF REGIONAL  
ENERGY EMERGENCY -- OHIO

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson



March 11, 1978

Governor Rhodes has petitioned for an extension of the regional energy emergency for Ohio which was declared on February 11, 1978. As you know, the period of suspension was set at thirty days, unless rescinded or extended by you. The thirty-day period expires on Monday, March 13. Doug Costle recommends extension of the allowable period of suspension of particulate regulations in Ohio for an additional thirty days, effective March 13, subject to the conditions which are set out in the attached Presidential Determination, which I have prepared for your signature. Also attached is a press statement for release on the matter.

I concur in Doug's recommendation.

Attachments

## PRESIDENTIAL DETERMINATION

Governor Rhodes of the State of Ohio petitioned me on February 9, 1978, for a determination under Section 110(f) of the Clean Air Act that a regional energy emergency exists in Ohio of such severity that a temporary suspension of certain particulate matter emission limitations of the Ohio implementation plan is necessary to avoid high levels of unemployment or loss of energy supplies necessary for residential dwellings. After considering the information and views provided to me by Governor Rhodes, members of the Congress representing Ohio, and the Administrator of the Environmental Protection Agency, I made the requested determination, subject to certain conditions, on February 11, 1978. The original determination was ordered to remain in effect for thirty days unless otherwise rescinded or extended before that time. Because the disruption of certain energy supplies continues to threaten high levels of unemployment or loss of energy supplies necessary for residential dwellings, I am hereby extending my determination under Section 110(f) of the Clean Air Act that a regional energy emergency exists in Ohio. This extension shall remain in effect for thirty days, subject to the conditions listed below, unless I rescind it before that time or extend it.

The following conditions shall apply to the extension:

1. Any temporary emergency suspensions shall continue to be granted by Governor Rhodes on a source-by-source basis, after he has determined that in the vicinity of the source without the suspension there would be high levels of unemployment or loss of necessary energy supplies for residential dwellings.
2. The Administrator of the Environmental Protection Agency may disapprove any temporary emergency suspension issued by the Governor as provided in Section 110(f)(3) of the Clean Air Act or if the Administrator determines that an air pollution emergency exists.
3. Governor Rhodes is authorized to automatically extend any temporary emergency suspension granted under my original determination unless the Administrator of the Environmental Protection Agency has disapproved such suspension.

Date: \_\_\_\_\_

✓ Jimmy Carter

For Immediate Release

Office of the White House Press Secretary

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STATEMENT BY THE PRESIDENT

Based on a petition submitted to me by the Governor of the State of Ohio, pursuant to Section 110(f) of the Clean Air Act, I determined on February 11, 1978, that a regional energy emergency existed in the State of Ohio of such severity that a temporary suspension of certain particulate control regulations under the Ohio Air Quality Implementation Plan might be necessary. I ordered the determination to be in effect for not more than 30 days unless I rescinded it before that time or extended it. Because of the continuing energy supply problems throughout the State, I hereby extend the regional energy emergency determination for the State of Ohio for a second 30 day-period. During this extension, the Administrator of the Environmental Protection Agency retains full authority to disapprove temporary suspensions of regulations in Ohio on a case-by-case basis and to exercise his emergency powers authority under Section 303 of the Clean Air Act, when and if necessary.

I urge the Governor to continue to act with due care if he further suspends any air pollution regulations under the authority provided by the extension of this determination, since such regulations are important to protect public health.

# # #

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Appointment With  
Mr. Richard Leakey  
Monday - March 13, 1978  
1:45 P.M. - Oval Office  
From: Tim Kraft

1. PURPOSE

You and Mrs. Carter have asked to see Mr. Leakey while he is in Washington.

(Biographical information attached.)

**Dora Hural Leaf**; m. Barbara L. Kincaid 1943; three d.; ed. Univs. of Washington and Michigan.  
Intern, Massachusetts General Hospital 43-44, mem. staff 49-, Physician-in-Chief 66-; Resident, Mayo Foundation, Rochester, Minn. 44-45; Research Fellow, Univ. of Mich. 47-49; mem. Faculty, Medical School, Harvard Univ. 49-, Jackson Prof. of Clinical Medicine 66-; Visiting Fellow, Balliol Coll., Oxford 71-72; mem. Nat. Acad. of Sciences, American Asscn. for Advancement of Science, American Acad. of Arts and Sciences, American Coll. of Physicians, The Biochemical Soc. (U.K.) etc.  
Leisure interests: music (flautist), jogging.  
Publs. 124 articles in professional journals.  
Medical Services, Massachusetts General Hospital, Boston, Mass. 02114; Home: One Curtis Circle, Winchester, Mass. 01890, U.S.A.  
Telephone: 617-726-2862 (Office); 617-729-5852.

**Leahy, Patrick Joseph**, J.D.; American lawyer; b. 31 March, 1940, Montpelier, Vt.; s. of Howard and Alba (Zamboni) Leahy; m. Marcelle Pomerleau 1962; two s. one d.; ed. St. Michael's Coll., Winooski, Vt., and Georgetown Univ. Law Center, Washington, D.C. Admitted to practise law, State of Vermont 64, U.S. Supreme Court, Second Circuit Court of Appeals, N.Y., U.S. Fed. District Court of Vt.; Senator from Vt. 75; mem. Vt. Bar Asscn. 64-; Vice-Pres. Nat. District Attorney's Asscn.; Distinguished Service Award of Nat. District Attorneys' Asscn. 74.  
Leisure interests: photography, reading, hiking, cross country skiing.  
31 Green Acres Drive, Burlington, Vt., U.S.A.

**Leakey, Richard Erskine Frere**; Kenyan palaeontologist; b. 19 Dec. 1944, Nairobi; s. of the late Louis Leakey; m. Meave Gillian Leakey (née Epps) 1971; three d.; ed. The Duke of York School, Nairobi.  
Leader of expeditions to West Natron, Tanzania 63, 64, Baringo, Kenya 66, Omo River, Ethiopia 67 and East Rudolf, Kenya 68-; Admin. Dir. Nat. Museums of Kenya 68-; Trustee, East African Wildlife Soc., Wildlife Clubs of Kenya.  
Publs. numerous articles on finds in the field of palaeontology in scientific journals, including *Nature*, *Journal of World History, Science, American Journal of Physics and Anthropology*, etc.; contrib. to *General History of Africa* (vol. I), *Perspective on Human Evolution*, and *Fossil Vertebrates of Africa*.  
National Museums of Kenya, P.O. Box 40658, Nairobi; Home: P.O. Box 24926, Nairobi, Kenya.

**Lealofi IV, Chief Tupua Tamasese**; Samoan politician and doctor; b. 8 May 1922, Apia; m. Lita 1953; five c.; ed. Fiji School of Medicine and postgraduate studies at Suva.  
Medical practitioner 45-69; succeeded to Paramount Chief (Tama-a-Aiga) of Tupua Tamasese 65; mem. Council of Deputies 68-69; M.P. Feb. 70; Prime Minister of Western Samoa 70-73, 75-, Minister of Internal and External District Affairs, Labour and Audit, Police and Prisons 75-.  
Leisure interests: reading, golf.  
Office of the Prime Minister, Apia, Western Samoa.  
Telephone: 323.

**Lean, David**, C.B.E.; British film director; b. 25 March 1908; ed. Leighton Park School, Reading.  
Entered industry with Gaumont-British as number-board boy 28; editor for Gaumont Sound News and British Movietone News; edited *Escape Me Never*, *Pygmalion*, *49th Parallel*; co-directed with Noel Coward *In Which We Serve* 42; directed *This Happy Breed* 43, *Blithe Spirit* 44, *Brief Encounter* 45, *Great Expectations* 46, *Oliver Twist* 47, *The Passionate Friends* 48, *Madeleine* 49, *The Sound Barrier* 52, *Hobson's Choice* 53, *Summer Madness* (American title *Summertime*) 55,

*The Bridge on the River Kwai* 57, *Lawrence of Arabia* 62, *Dr. Zhivago* 65, *Ryan's Daughter* 69; Officier de l'Ordre des Arts et des Lettres.  
c/o The Press Office, Columbia Pictures Corporation, 142 Wardour Street, London, W.1, England.

**Lear, Evelyn**; soprano; d. of Nina Quartin; m. Thomas Stewart (q.v.); ed. New York Univ., Hunter Coll., Juilliard Opera Workshop.  
Fulbright Scholarship for study in Germany 55; joined Berlin Opera, debut in *Ariadne auf Naxos* 57; debut in U.K. in *Four Last Songs* with London Symphony Orchestra 57; debut at Metropolitan Opera in *Mourning Becomes Electra* 67; debut at La Scala, Milan in *Wozzeck* 71; regular performances with leading opera cos. and orchestras in Europe and U.S.A.; guest appearances with Berlin Opera and Vienna State Opera; soloist with the leading Amer. orchestras, has given many recitals and orchestral concerts and operatic performances with Thomas Stewart; Concert Artists Guild Award 55.  
Major roles include Marie in *Wozzeck*, Marschallin in *Der Rosenkavalier*, Countess in *The Marriage of Figaro*, Fiordiligi in *Costa fan Tutti*, Desdemona, Dido in *The Trojans*, Donna Elvira in *Don Giovanni*, Tatiana in *Eugene Onegin*, Lavinia in *Mourning Becomes Electra*, title role in *Lulu*.  
Columbia Artists Management Inc., 165 West 57th Street, New York, N.Y. 10019, U.S.A.

**Leather, Sir Edwin Hartley Cameron**, K.C.M.G., K.C.V.O.; British colonial governor; b. 22 May 1919, Toronto, Canada; s. of Harold H. Leather, M.B.B., and Grace C. Leather; m. Sheila A. A. Greenlees 1940; two d.; ed. Trinity Coll. School, Royal Mil. Coll., Kingston, Canada.  
Member Parl. for N. Somerset 50-64; mem. Exec. Cttee. British Commonwealth Producers' Asscn. 60-63, British Caribbean Asscn.; Chair. Horder Centres for Arthritis 62-65, Nat. Union of Conservative and Unionist Asscns. 70-71; Canadian Rep. Exec. Cttee., British Commonwealth Ex-servicemen's League 54-63; Chair. Bath Festivals Soc. 60-65; Deputy Chair. Yehudi Menuhin School and Orchestra 67-73; Gov. of Bermuda July 73-; Hon. Fellow, Royal Soc. of Arts 68; K.St.J. 74; Hon. D.C.L. (Univ. of Bath) 75.  
Leisure interests: music, travel, reading.  
Government House, Bermuda.

**Leathers, 2nd Viscount; Frederick Alan Leathers**, M.A., F.R.S.A.; British company director; b. 4 April 1908; m. Elspeth Stewart 1940; two s. two d.; ed. Brighton Coll., and Emmanuel Coll., Cambridge.  
Member Baltic Exchange; fmr. underwriting mem. of Lloyd's, Gen. Cttee. of Lloyd's Register of Shipping; mem. Court Worshipful Co. of Shipwrights, Court Watermen's and Lightermen's Co.; Fellow. Inst. of Chartered Shipbrokers; mem. Inst. Petroleum; former Chair. Wm. Cory and Son Ltd., Cory Mann George Ltd., Hull Blyth and Co. Ltd., St. Denis Shipping Co. Ltd., Cory Ship Towage Ltd., Smit and Cory Int. Port Towage Ltd.; Nat. Westminster Bank Ltd., Outer London Regional Board; Fellow, Royal Philatelic Soc. Hills Green, Kirdford, Sussex, England.  
Telephone: Kirdford 202.

**Leavis, Frank Raymond**, Ph.D.; British university lecturer and writer; b. 14 July 1895; ed. Perse School, Cambridge, Emmanuel Coll., Cambridge.  
University teacher 24-; Editor *Scrutiny* 32-53; Univ. Lecturer in English, Cambridge 37-60, Reader 60-62; Visiting Prof. Univ. of York 65-67; Hon. Visiting Prof. Univ. of York 67-68; fmr. Fellow and Dir. of English Studies, Downing Coll., Cambridge; Hon. mem. American Acad. of Arts and Sciences; Hon. D.Litt. (Leeds and York Univs.), Hon. LL.D. (Aberdeen Univ.).  
Publs. *For Continuity* 33, *New Bearings in English Poetry* 32, *Revaluation: Tradition and Development in*

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

C  
/

March 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze CLS

Subject: Retail Sales in February

The Census Bureau will release its first estimate of retail sales in February at 3:00 p. m. this afternoon (Monday, March 13). The news is not good.

The January decline in retail sales was steeper than originally estimated (3.8 percent instead of 3.1). February sales, up 0.6 percent, recovered only a small part of the January decline.

Fourth quarter retail sales were very strong. Some slackening in consumer spending from the fourth quarter pace was to be expected. Adverse weather undoubtedly played a role in holding down retail sales in January and February. The weakness in retail sales over the past two months, however, seems too widespread to be explained by these factors alone. Since last October, the dollar value of auto sales has fallen almost 10 percent; sales of other durable goods are down almost as much. Sales of nondurable goods, allowing for inflation, have risen over this period at a moderate pace.

If the weakness in consumer spending continues for another couple of months, sales expectations of businessmen will take a turn for the worse, and we would then have to rethink our 1978 forecast. It is premature, however, to assume that the prospects for all of 1978 have dimmed.



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ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson

RE: WEEKLY LEGISLATIVE REPORT

*Adm  
mfg*

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
	/	EIZENSTAT
	/	JORDAN
		LIPSHUTZ
	/	MOORE
		POWELL
	/	WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 11, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

SUBJECT:

Weekly Legislative Report

1. ENERGY

Natural Gas: The Senate March 7 position paper supported by Jackson, Church, Bumpers, Ford, Matsunaga, Johnston, Hatfield, McClure and Haskell was forwarded to the House conferees as a draft proposal. A number of House conferees met Thursday to consider the informal proposal and some substantial revisions are likely to be drafted this weekend.

-- While Reps. Dingell and Eckhardt are still very upset (by what Dingell feels was a lack of consultation and input as the Senate compromise was being thrashed out), and House Republicans are giving us little support, DOE's assessment is that a majority of the House conferees want a natural gas bill. However, we also understand that organized labor is on the verge of opposing the gas "deal" and will be discussing the issue with the Speaker on Tuesday.

-- DOE feels that to avoid counterproductive "confrontation politics," it probably would be best not to have a formal conference meeting until details are worked out. Depending on how the situation unfolds, you may be asked to intervene this week.

Energy Taxes: In conversations with Jim Schlesinger and me, Long seems to have retreated somewhat from his public statement that COET is dead. One Hill staff proposal would dedicate some COET revenues to offsetting social security tax increases; this is being carefully examined by DOE and DPS. We expect to get at least the Senate-passed user tax and may want to look at additional conversion incentives.

2. FOREIGN POLICY ISSUES

Panama: With unanimous consent to vote on a date certain -- next Thursday -- and a 84-5 vote for the first of the two "leadership amendments," the political gestation of the Neutrality Treaty is just about over.

-- Negotiation of reservations and understandings continues. I will discuss specific Senators with you privately.

Frank  
J

Middle East: Twenty-one members of the HIRC signed a Bingham-sponsored letter urging reevaluation of the proposed sales. The letter takes a special aim at the package concept and is critical of both the F-15's to Saudi Arabia and the reduction of aircraft for Israel. In many ways, however, the letter is similar to the Church letter of January 24 and should not be interpreted as the last word for those Members who signed it. On a more positive note, Tuesday's House special order turned into a non-debate, largely providing a forum for Members to read statements into the Record for consumption back home -- it got no press play. As of now no hearings on the arms sales are scheduled in either body. Staff and GAO continue to study the analyses State has provided. We expect a major effort by the opposition to collar Members during the Easter recess.

-- Roy Atherton will be on the Hill Monday describing our Middle East positions and some of the differences we have with Begin over the interpretation of U.N. Res. 242 and settlements. We are working with State on setting up your meetings with the HIRC and SFRC and Secretaries Vance, Brown, Schlesinger, and Blumenthal on March 21 and 22. My office and the Vice President will be more actively involved in talking with key House and Senate Members this week.

Horn of Africa: State briefed the House and Senate leadership, plus other key Members, prior to Somalia's announcement of its intention to withdraw from the Ogaden. All reacted favorably to the news and expressed relief that we had taken decisive action to counter the perception that we were helpless in the face of the Soviet/Cuban presence in Ethiopia. We will have to consult closely with a broader range of Members if the Administration decides to seek to supply defensive weaponry and increased economic assistance to Somalia.

Rhodesia: The U.N. Security Council meetings this week on the internal settlement in Rhodesia, combined with the presence in the U.S. of the various black nationalist leaders and British Foreign Secretary Owen, have increased Congressional interest in Rhodesian developments.

-- Most Members who are following Rhodesian developments -- led by the conservatives -- are vocally supportive of the internal settlement. The moderates are uneasy about our efforts to broaden the internal settlement to include the external guerrilla forces, and would react sharply to any outright rejection of the agreement Smith has negotiated with the internal nationalists. Only the Black Caucus has taken a public stance opposing the internal settlement.

SALT: Secretary Vance appeared before the Jackson Subcommittee on Friday. Jackson was somewhat subdued, apparently preoccupied with the energy conference, and did not press critical points. He asked whether the verification paper sent to the Hill had been cleared by the JCS. This was explained to his apparent satisfaction (the JCS staff worked on the paper, but the Chiefs themselves want to reserve any judgments until the final agreement is reached). Senators Culver and Nunn attempted to gain clarification of our "no-linkage" policy, and the Secretary made it clear that SALT II was too important to be sacrificed because of Soviet activity in the Horn. Senator Glenn continued to push for what he calls "absolute" verification, but indicated that some of his concerns had been satisfied as a result of staff briefings. Senator Garn, who earlier had been among those pushing for a Soviet concession to permit wide-bodied U.S. aircraft to carry cruise missiles, took the position that these aircraft

were impractical from a military standpoint. Senator Goldwater said that he felt that B-1 should have been traded for concessions on the Backfire. State advises that in sum, we got off easily in this round.

Korea: Congressman Lester Wolff's HIRC Subcommittee on Asia and Pacific Affairs held a hearing on Northeast Asia. DOD reports that though not unfriendly, Wolff is concerned that valuing the Korea equipment transfer package at \$800 million may make some reluctant to support it. Wolff asked if the price tag could be lower. DOD explained that the \$800 million figure represented the best estimate of the value of the equipment to be transferred.

IFI's: House and Senate hearings have been completed on the budget request for IFI's. Subcommittee markups will not occur until all hearings on agency requests are completed. At this stage, IFI markups are tentatively scheduled for late April.

-- At a hearing with Treasury officials last week, Dave Obey flatly stated that there is "no way that you will receive your request for IDA IV this year." He also repeated his request that the Administration prepare without delay a list of budget priorities since there is no chance that the entire request will be approved.

-- Treasury is developing a priority list of its budget request and will devise a legislative strategy paper (to be completed by March 15) for the Appropriations Committee and House floor. We understand that the Vice President will meet next week with World Bank President McNamara and Secretary Blumenthal to discuss IFI's.

### 3. FY 1979 BUDGET

-- In conjunction with Treasury, CEA and other Executive Office staff, OMB has continued a series of regular meetings with the top Budget Committee staff. Points raised recently include the following:

- 1) The House Budget Committee has identified a list of \$10 BILLION in potential increases to the Administration's FY 1979 outlay recommendations. The larger items include agriculture, veterans' benefits, SBA disaster assistance, postal service subsidies, and increases to transportation and natural resources programs. The Senate Committee has asked for help in fighting increases to agriculture spending.  
  
-- OMB CL staff recommends that Jim McIntyre and you consider meeting with the two Budget Committee Chairmen to select three or four of these major items and then to work cooperatively to resist spending increases in these areas.
- 2) The Senate staff asked for Administration assistance to drop a House amendment in the Humphrey/Hawkins bill which mandates a separate economic goal setting process in the Joint Economic Committee in addition to that in the budget process. The provision would require Congress to vote twice on setting economic goals, with possible inconsistent results. This is largely a congressional "turf" issue between the JEC and the budget committees.

#### 4. FY 1979 DEFENSE PROGRAM

-- DOD reports that the House Armed Services Committee has indicated that it may want to increase the Administration's request by \$2.6 BILLION. Included in this total is funding for a nuclear carrier, a nuclear cruiser, long-lead funds for a Trident submarine, 12 F-14s and 4 F-18s; about 43 A-7s and 16 C-130 aircraft. The Committee also increased DOD's request for active military strength by 10,500, and totally restored 35,600 in Naval reserve strength. They also recommend an increase of 14,000 civilian personnel.

#### 5. SOCIAL SECURITY

House: On Wednesday there will be a full House Democratic Caucus to discuss a resolution suggesting action to reduce social security taxes. We have met all week with congressional leaders and the following seems safe to assume: 1) a substantial majority of House Democrats want some political relief; 2) there is no agreement on what course should be taken; and 3) we will face the issue in several forums including the Budget Committee, Ways and Means, and surely on the House floor.

Senate: The Finance Committee continues to hold firm in opposing efforts to reopen the social security financing issue this year. However, Senator Long may find suggestions to rebate some COET revenues to offset social security tax increases attractive as ways to 1) get votes for COET and 2) relieve some of the political pressure for relief from constituents' higher social security contributions.

-- OMB advises that the Hill perceives that the Administration may be wavering on this issue since some Administration officials appear to take a firmer position than others. OMB continues to recommend that the Administration not support a "quick fix" of the payroll tax this session, but would not object to promising the Congress that we will submit a revised position on social security for congressional consideration early next year.

#### 6. HUMPHREY/HAWKINS

-- Last Week, the House adopted a Wright anti-inflation amendment and then defeated an amendment which would have gutted the bill by adding a 3% inflation goal on a 198 to 223 key vote.

-- Also adopted by a 264 to 150 vote was a Quie (R-Minn) amendment that adds a goal of 100 percent parity of income for farmers at the marketplace by 1983. The House was considering an amendment to assure a balanced budget when they adjourned (a compromise is being worked out on this amendment). Final action should come by Thursday.

#### 7. DEBT CEILING

-- By a vote of 165 to 248, the House last Thursday defeated the bill. Ways and Means will mark up the legislation again on Monday. Chairman Ullman is reluctant to take the bill to the floor again until the Speaker can assure him that there will be sufficient votes to pass the House. We are re-targeting the votes, and have pledged our help to the Speaker when the bill is reconsidered; it must be passed prior to the recess which begins March 23.

#### 8. POSTAL SERVICE REFORM (H.R. 7700)

-- The bill is tentatively scheduled for House action next Thursday. The Administration opposes the bill in the form in which it was reported, which would increase Federal oversight and subsidies for the U.S. Postal Service. The negotiations between the Administration and the House committee have eliminated some of the most objectionable provisions. A letter will be sent to Chairman Nix next week pointing out the reservations and objections we continue to have with the bill. There will be numerous floor amendments. *Let's don't yield - 9/11 veto if necessary*

-- Senator Glenn intends to introduce a bill within the next two weeks. Domestic Policy staff has been working with the Senator's staff on this bill.

#### 9. ALASKA LANDS

-- Markup continues in the full House Interior Committee on Tuesday. Last week we worked with Interior Department staff to hang onto a reasonable wilderness title. Issues which remain unresolved are the wilderness designation for the Arctic Wildlife Refuge and the fate of the mineral entry process which was added to the bill in Subcommittee. Interior will attempt to retain the Arctic wilderness designation and to strike the mineral entry process provisions from the bill.

#### 10. REORGANIZATION

Civil Rights: With the exception of a Senate public hearing on Monday, the hearings on this plan in the House Government Operations Subcommittee and the Senate Governmental Affairs Committee have been completed. The plan is doing well in the House, but there are some problems in the Senate on the transfer of federal responsibility for equal employment to EEOC. OMB is working with Senator Ribicoff to resolve this concern.

Civil Service: The House Post Office and Civil Service Committee has scheduled hearings on the legislation in the package for March 14, 15, and 16. Jim McIntyre will testify on the first day. The task force continues to develop the campaign.

#### 11. MISCELLANEOUS

-- Some Members are complaining that you and Democratic Members are not getting credit through the Economic Development Administration signs that are being put up throughout the country. They suggest that at least your name should be prominently displayed on the signs.

-- AID advises that Appropriations Subcommittee Chairman Long and ranking minority C.W. Bill Young are likely to push for an amendment that prohibits aid to countries which in turn are supplying aid to Vietnam. Both expressed "outrage" at a hearing last week about India's transfer of grain to Vietnam while the U.S. is supplying food under the Food for Peace Program to India.

-- Rep. Charlie Wilson (D-Tex) continues to be very concerned about the Administration's policy toward Nicaragua.

-- The Middle Income Student Assistance Act should pass the House prior to the Easter recess.

-- OMB advises that the Veterans' and Survivors' Pension Improvement Act, ready for full House Committee action next week, is expected to cost \$1.5 BILLION, approximately \$800 million more than the Administration's 1979 pension reform proposal. The increase is due to a more liberalized minimum eligibility level and a higher pension rate increase. *fight to hold down cost*

-- The coal strike has seriously jeopardized the chances of getting the Labor Law Reform Act this year and is raising some serious congressional reservations about our emphasis on coal conversion in the National Energy Plan.

-- I will give you a separate memo on the farm legislation situation. If the Senate Agriculture Committee moves an emergency farm bill along next week, USDA advises that the effort will be abetted by the presence of a new wave of farm strikers on the Hill.

-- Organized labor activities: AFL-CIO and UAW are strongly supporting a move to roll back social security tax increases. Both are holding off comments on the natural gas "deal" out of deference to the Speaker, but will probably openly oppose. Meany announced a strong attack on cutting-off food stamps for the UMW membership. AFL-CIO is working on an amendment to the civil rights reorganization plan to keep the equal pay provisions in DOL. (The same inspectors do equal pay and minimum wage and organized labor believes enforcement under the Fair Labor Standards Act would suffer.)



FLOOR ACTIVITIES, WEEK OF MARCH 13

House

Monday -- 6 suspensions:

- 1) Federal Employees Flexible Work Schedule. The Administration supports the bill if it is amended to permit, rather than require, each Executive agency to conduct an experiment with flexible or compressed work schedules under a Civil Service Commission master plan. We understand that the Post Office Committee has agreed to accept our amendments. ←  
Be sure  
to put  
our  
opposition  
be well  
known  
←
- 2) Annuities for U.S. Judges. According to OMB, the Administration has no objection to provisions relating to annuities for judges, but does oppose a section in the bill which allows a new opportunity for some civil service annuitants to select a reduced annuity with a survivor annuity payable to a spouse. The Civil Service Commission believes that reopening this eligibility now would set a bad precedent. Rep. Gladys Spellman (D-Md) is the primary sponsor.
- 3) Part-Time Career Employment. According to OMB, the Administration strongly opposes the bill which mandates each Executive agency to establish a program of part-time career employment. The Administration supports the objective of increasing part-time employment opportunities, but believes any statutory prescription should await completion and evaluation of a variety of experimental part-time employment programs now underway in selected agencies. Rep. Yvonne Burke (D-Cal) is the primary sponsor. ↓
- 4) Congressional Review of Changes in Postal Service. The Administration strongly opposes the bill which provides for a one-House veto of changes in the level of postal services. Rep. Nix is the primary sponsor. This provisions was broken out of H.R. 7700, the major postal bill. ←
- 5) Liberty Bond Amendment for Series E. Not controversial.
- 6) Farmers Tax Adjustment. The Administration supports the bill which allows farmers, using cash accounting for tax purposes, to claim certain disaster relief payments received in 1978 but related to 1977 crops, as income received in 1977 rather than 1978.

-- 2 Committee funding resolutions

Tuesday -- 4 suspensions:

- 1) Absaroka - Beartooth Wilderness. This Senate bill, originally sponsored by Senator Metcalf, would designate approximately 904,500 acres of the Cluster and Gallatin National Forests in Montana as the Absaroka - Beartooth Wilderness.
- 2) Foreign Travel Expenses of Tax-Exempt Organizations. The Administration does not object to the bill which allows, subject to certain limits, foundations to pay for foreign travel expenses of public officials.

3) Home Production of Beer and Wine. The Administration does not object to the bill which allows individuals 18 and older to produce wine and beer for personal and family use up to certain quantities without increasing the beer or wine excise taxes.

4) Excise Tax Refunds on Tire-Tread Rubber. Not controversial.

Wednesday -- Humphrey/Hawkins.

Thursday -- International Banking Act of 1978 (subject to a rule being granted). The Administration does not object to the bill which provides for federal regulation of participation by foreign banks in domestic financial markets.

-- Postal Service Reform (subject to a rule being granted).

Friday -- Maritime Rebating (subject to a rule being granted). The Administration has not yet taken a position on the bill which increases federal regulatory powers to investigate and enforce laws relating to illegal rebates in the maritime industry.

Conference Reports (possible House action next week)

-- Age Discrimination.

-- Redwoods. The conference agreement includes an employee protection title which OMB may oppose in the enrolled bill memo.

Senate

-- The Senate will continue action on the Panama Canal Treaties through Thursday. It could possibly take up new farm legislation at the end of the week.

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THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

HUMPHREY BILL

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY Jay NARS, DATE 5/2/90

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

3-12-78

Stu -  
Comment briefly  
on options  
J

~~CONFIDENTIAL~~

1425

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL GDS

March 11, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: HENRY OWEN *HO*  
SUBJECT: Humphrey Bill

I. Introduction

1. Purpose. This memorandum asks you to decide (in Parts II & III at the end of this memo) some key issues posed by the Humphrey bill, which was discussed recently at the PRC. We should make our position known soon to the Congress, as you promised Mrs. Humphrey.

2. Current Situation. The bill was conceived by Senator Humphrey and drafted by talented and energetic committee staff, who are vigorously proselytizing for it. Reports differ widely on Congressional attitudes, depending partly on which agency in the Executive Branch does the reporting. All agree, however, that the fate of the bill depends, in good part, on the Administration. If we support the bill, we can use it to carry out needed reforms, including some not envisaged in the bill. If we oppose it, the bill will die and its supporters will be antagonized. They may be few, but they include some of aid's best supporters on the Hill, so that it will be difficult thereafter to get Congressional support for any aid reforms.

3. The Bill. The best way to describe the bill is to ask what is wrong with the current administration of our foreign aid programs and then to analyze how the bill addresses these defects. Let's start with the question of integration and coordination, since that is what the bill's authors are most concerned with:

a. Congressional Coordination. The Congress sees our foreign aid requests are being unrelated to each other and to any central strategy. By creating a new International Development Cooperation Administration, which would be in charge of all US aid except PL-480, the bill implicitly establishes its Administrator as the chief spokesman and coordinator of US aid approaches to the Congress.

*Jay 5/2/90*

CONFIDENTIAL GDS

~~CONFIDENTIAL~~

b. Coordination of US Bilateral Aid. OMB, State, and AID believe that coordination between the two main types of US bilateral aid -- financial aid and PL-480 -- needs strengthening. Agriculture seems satisfied with the present situation and the bill, as currently drafted, does not alter that situation. This was done to avoid a jurisdictional fight in the Senate, with the hope that needed changes would be made in the House or by the Executive Branch.

c. Coordination Between US Bilateral and Multilateral Aid. Until recently, operations of AID and the multilateral banks have not been adequately meshed. Recently, Bob McNamara and Jack Gilligan put into effect promising new procedures to improve this situation. The bill would carry this process further by giving IDCA the power to instruct the US directors of multilateral banks.

d. Coordination Between AID and Other US Economic Policies Affecting LDCs. This coordination is probably more effective than is generally realized, but it could be strengthened. The bill would do this by providing that the Administrator should be heard on non-aid issues affecting LDCs, and by so strengthening his position in the Executive Branch as to make it more likely that his views would be taken into account.

e. International Coordination. The bill does not deal with coordination between the programs of major national and international donors. We hope that this will evolve out of the World Development Review, which the World Bank is now undertaking at the suggestion of the Downing Street Summit. This coordination is also being attempted in the OECD.

While the bill's authors believe that the central need in improving foreign aid is to integrate its various components into a single program, other students of aid (e.g., the authors of the Brookings report) believe that main deficiencies of aid lie elsewhere. Many of these are also addressed by the bill:

--Existing legislative restrictions make it difficult to operate a bilateral aid program effectively. The bill removes many of these restrictions.

--AID needs substantial personnel and other changes. The bill makes it easier to accomplish these changes by abolishing AID and creating a new agency.

--Private Voluntary Organizations that assist LDCs want better treatment than they are now receiving. The bill

would set up a new International Development Institute in IDCA, which would be responsible for the care and feeding of PVOs -- including the Peace Corps.

- Aid for research and development in the LDCs and the US on problems of concern to LDCs needs to be greatly strengthened. The bill does not speak to this issue, but it would create an opportunity to set up a semi-autonomous foundation, within IDCA, to discharge this function more effectively.
- Congressionally mandated "New Directions", requiring emphasis on small-scale projects of direct assistance to poor people, have been carried out so literally by AID as to foreclose opportunities for aid to development projects that are badly needed for balanced growth. The bill would permit greater flexibility in this respect.

In addition, the bill contains a more concise statement of principles that should govern our aid decision making. These are generally in accord with the decisions you made last November: that our bilateral concessional assistance should go primarily to helping poor people in poor countries with some limited flexibility to reach poor people in middle-income countries, and that development-oriented and politically-motivated types of aid should be more sharply separated from each other. The bill also makes a number of desirable concessions to countries on the UNCTAD relatively least developed list -- including use of grants, rather than loans, to these countries and allowing repayments of past US loans to be used by these countries for approved development purposes.

4. Basic Posture. The PRC recommends that you support the bill, except for one major part -- the transfer of IFI responsibilities from Treasury to IDCA -- on which US agencies are sharply divided. The other changes recommended below are consistent with the bill's central purpose and would be readily accepted by its supporters, with whom we have had continuing consultations.

## II. Disagreed Issues in the Executive Branch

### A. IFIs

1. The bill provides that responsibility for formulating US instructions to US representatives for IFIs should be transferred from Treasury to the new International Development Administration (IDCA). The authors of the bill say that they intend responsibility for US policy regarding the financial



~~CONFIDENTIAL~~

soundness of IFIs to remain substantially the responsibility of the Secretary of the Treasury, as Chairman of the NAC, but this is not specified in the bill.

2. Treasury, supported by State, opposes transfer of the IFIs to IDCA, citing the following arguments:

-- Congress. Insofar as the Secretary of the Treasury is perceived by the Congress as being equally concerned with domestic and international matters (rather than the perception of the IDCA Administrator as being largely concerned with foreign aid), his involvement should result in greater willingness by some members of Congress to provide adequate funding for the IFIs. In addition, if IFI responsibilities were transferred to IDCA, the Congress would probably apply to IFIs some additional restrictions that it now applies to bilateral aid and has not yet applied to the banks, which would be inconsistent with these institutions' multilateral character.

-- Investors. Weakening the IFIs' relationship with Treasury would weaken US investor confidence in these institutions, and make it more difficult to sell their securities in US private markets.

-- Coordination. The proposed break-up of functions regarding IFIs between Treasury, which would still have responsibility for overall financial soundness, and IDCA would be unworkable. The Secretary of the Treasury in his statutory responsibility as Governor could accept advice but not instruction from the IDCA Administrator. The change proposed in the bill would also weaken coordination between multilateral lending and certain other financial flows to LDCs, including those from the IMF. Effective coordination can be achieved in other ways, which are described later in this memorandum.

3. AID, supported by ACTION, Peter Bourne, and Frank Moore, favors the transfer of IFI responsibilities to the new Administration, citing these arguments:

-- Congress. Congressional supporters of the bill would consider a failure to transfer IFI responsibilities to the IDCA as unresponsive to the need they perceive for comprehensive reform and consolidation of foreign assistance programs, and as opposition to the central concept of the bill. These supporters' willingness to sustain our aid requests might suffer as a consequence.

-- Investors. Treasury would continue to be sufficiently involved in the IFIs to guard against a loss of investor

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confidence in these institutions. Some other OECD countries, such as Germany and the UK, also divide IFI responsibilities between finance and development ministries.

- Coordination. Merger of bilateral and multilateral aid in a single institution would permit more effective coordination -- both substantively and in presentations to the Congress -- than can be achieved in any other way, since it would permit a single person to make the key decisions on both types of aid.

4. A Middle Course. Some of the arguments for and against the transfer of IFI responsibilities are necessarily uncertain. We are not sure how the Congress and private investors would react to this transfer, any more than we are sure how the Congress feels about the Humphrey bill. So the best course is to make our decision on substantive grounds: What is the most effective way to achieve needed coordination?

This question can best be answered on the basis of experience. We know that present coordination arrangements have serious deficiencies. We can only find out if the new arrangements proposed later in this memorandum will meet the need by trying them. On the basis of that experience, we could make the difficult decision on whether to transfer IFI responsibility to IDCA more confidently than we can now. To gain that experience, we might inform the Congress that (i) we are not disposed to transfer IFI responsibilities to IDCA before seeing whether the same purpose cannot be achieved by more effective coordination arrangements, which will now be put into effect by Executive Order; (ii) in light of experience with these new arrangements, we will advise the Congress next year whether we intend to make the IFI transfer, taking account of further studies to be undertaken in the meantime. This course might be welcomed, at least in the House, where there is reported to be sentiment for delaying the most controversial decisions until next year. Supporters of the bill in the Senate want IFI transfer now and do not believe further studies or experience are required but if they cannot get it, they would prefer this course to an outright turn-down.

OMB favors this course of action, believing that it would be wise to test less radical measures designed to improve coordination, to assess their operation closely, to continue examining a possible transfer of IFIs, and to defer until next year a decision on whether such a transfer makes sense. OMB cites these arguments: Although the affected agencies have

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predictably defended their turfs, they have also raised serious substantive issues, which underline the risk of your being committed to changes which, in practice, may not stand up. At a time when your development advisors, and particularly AID, are hard at work on the kinds of program development and implementation that are sorely needed, OMB believes that we should be careful as to the additional duties we send their way. Hence the need for a posture for general support for the Humphrey bill, while reserving an organizational decision on IFIs for later Presidential judgment.

If we go this route, it will take us a while to introduce, even by Executive Order, the proposed improved coordination procedures and to assign the personnel needed to carry out these procedures. Some of these changes may have to wait on creation of IDCA.

5. Preserving Presidential Authority. Whatever your decisions about IFI responsibilities and coordination, they will be difficult to change in light of later experience if their details are fixed in new legislation. OMB recommends that we should ask the Congress to make the bill's language on these issues more general, leaving you free to decide them in whatever way you consider most likely to fulfill the purposes of the bill. If you decide to change present IFI responsibilities now or later, we would advise the Congress of your decision in a government reorganization plan.

#### B. Relation With Other Cabinet Departments

6. Agriculture. Present legislation assigns responsibility for Titles I, II, and III of PL-480 to the President, who is free to delegate it as he wishes. The Humphrey bill assigns responsibility for Title II (humanitarian donations) and Title III (development) to the IDCA, and leaves responsibility for Title I (concessional financial sales) unchanged; that responsibility is now delegated to the Department of Agriculture. The PRC agrees that legislative delegations of responsibility for all PL-480 Titles should continue to run to you, leaving you free to delegate to departments and agencies those responsibilities not delegated by other existing legislation, and that current responsibility for Title II, which is now delegated to AID, should be assigned to IDCA. Otherwise, there is disagreement:

a. Agriculture believes that joint responsibility for Title III should be assigned to USDA and IDCA. AID and OMB believe that primary responsibility for Title III should be

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assigned by you to the IDCA, and that the Department of Agriculture should continue to play a substantial role in administering this Title.

b. Agriculture believes that responsibility for Title I policy decisions should be assigned to the Working Group on Food and Agricultural Policy, while continuing USDA's lead role in the administration of Title I, with IDCA being a member of the Working Group and playing a substantial role in Title I program administration. AID and OMB believe that the Department of Agriculture, working closely with IDCA and State, should make recommendations to you about the annual amount of Title I and, in accordance with Section 401 of PL-480, should advise the Administrator of the amounts and kinds of agricultural commodities that may be included in negotiations with each country; the Administrator, working closely with the Agriculture and State Departments, should then decide which of these amounts and types are to be sold to each country, and the Administrator should authorize the country disbursements.

These disagreements between Agriculture and other agencies seem picayune, but they reflect a difference as to which factors should receive prime emphasis in the administration of PL-480.

Agriculture argues that USDA is the only USG entity which has comprehensive technical expertise in both US and international agriculture. Its lead role within the Executive Branch for domestic and international food and agricultural policy decisions is due to this expertise, which enables it to develop and implement sound food policy decisions and to assure effective linkages between our domestic and international food policies and programs. This linkage is important because PL-480 is an integral component of both the domestic and international food policy development process. Removing the lead role for PL-480 policy decisions from where the expertise and lead responsibilities for overall USG food policy development are located would be technically unfeasible and would result in poor management of the USG's food aid programs. Moreover, much of the strong bilateral support for the food aid program derives from the linkage between its economic development and market development objectives. The large amounts of PL-480 that have been made available to developing countries over the years could not have been secured without the strong domestic support that PL-480 has enjoyed. No element of foreign aid has been more popular. This is due, in part, to the fact that agricultural and

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agribusiness political interests have historically emphasized the importance of using PL-480 to help develop new long-term commercial markets for US farm exports.

The other agencies consider that PL-480, as a valuable aid resource (larger than the dollar amount of bilateral development assistance), should be used, in accord with your decisions of last November, in close concert with development aid and where it will be most useful helping poor people. The record to date suggests that this is difficult to accomplish, while major responsibility lies with agencies concerned primarily with other objectives: eliminating US surpluses or advancing short-term foreign policy purposes. This helps to explain why outside experts (e.g., in the Brookings study) believe that PL-480 has not so far been used to maximum advantage in supporting development and, indeed, has sometimes been used in ways that would depress local farm prices and hence retard development. The basic purpose of the Humphrey bill is to consolidate development aid in an agency concerned with development; nowhere is this more needed than with respect to PL-480. If we draw back from transferring not only IFIs but also PL-480 to IDCA, we will have effectively gutted that purpose. Agriculture should, of course, continue to be deeply involved, as in the procedures suggested above, but prime responsibility should go to the new IDCA, insofar as consistent with existing legislation. Otherwise, IDCA will be little more than AID with a new title.

7. State Department. In creating an independent aid Administration that is not under control of the Secretary of State, the Humphrey bill is intended to reduce State's ability to use the development program for short-term foreign policy purposes and particularly to limit its ability to insist that a program be undertaken where the development rationale is weak. This is a fundamental point for the drafters and, presumably, most supporters. Flexibility for political purposes would have to be sought and justified almost entirely through Security Assistance, including Security Supporting Assistance.

The objective of the bill in this regard is accepted by all the agencies. The question is how to achieve it, while maintaining a mutually beneficial relation between IDCA and State, which will preserve the Secretary's ability to coordinate foreign policy generally and which will not infringe on the new Administration's independence. The bill makes no provision for such a relation; its only reference to the Secretary of State is to say that nothing in the bill shall derogate from his powers.

The PRC recommends that the IDCA should, like ACDA, report to both the President and the Secretary of State, with its

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Administrator being the chief advisor to the President and the Secretary on development assistance and development policy. Reporting to the Secretary of State does not mean that the Secretary can instruct the Administrator as to what countries should receive what amounts of development aid or PL-480 to meet short-term foreign policy needs. It means, for example, he can instruct the Administrator about how much Supporting Assistance should go to what countries to meet political needs, and that he can provide the Administrator with general foreign policy guidance, while respecting the development purposes of IDCA programs.

To this end, a majority of the PRC recommends that the IDCA budget be submitted to the President through the Secretary of State, and that any differences between the Secretary and the Administrator be submitted to the President for resolution.

OMB recommends that the IDCA budget request be submitted directly to the President, in order to strengthen IDCA's stature and independence, and save time. Needed coordination would be secured by OMB consulting State about that budget request while reviewing it. This course would be welcome to supporters of the Humphrey bill on the Hill.

### C. Coordination

8. The bill provides that coordination of US policies and programs affecting developing countries, including programs of bilateral and multilateral aid, should be achieved through the existing Development Coordination Committee, which would be chaired by the Administrator. The DCC's record to date suggests that a stronger mechanism is needed to ensure effective coordination, if IFI and PL-480 responsibilities are not assigned IDCA.

9. The following coordination arrangements are proposed by the PRC, in order to enhance the role and leadership of the IDCA Administrator in development policies generally and foreign assistance in particular, to streamline the maze of committees coordinating development assistance programs, and to ensure a concerted and integrated approach to the Congress about foreign aid and related programs:

a. The Administrator would be designated as principal advisor to the President and the Secretary of State on development programs and policies; he would be the Executive Branch's chief spokesman to the Congress on development assistance; and he would have a voice in all economic decisions having a major impact on developing countries.

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b. The Administrator would prepare annually, in close consultation with other agencies, an aid policy statement showing how the different types of aid to be sought from the Congress in the years immediately ahead would be related to each other and would be used, in conjunction with non-aid policies affecting LDCs, to advance US purposes and policies. This statement would take account of the projected policies of other donor and recipient countries, as analyzed in the IBRD's World Development Review and elsewhere.

c. This statement would be reviewed by the PRC, generally under the chairmanship of the Administrator, and submitted to you for approval. If approved by you, it would constitute general guidance for agencies in preparing their budget requests and managing their programs. And it would provide the basis for a comprehensive and coordinated approach to the Congress concerning all requests for funding of resource transfers to developing countries. This concerted approach would be directed and led by the Administrator.

d. Major policy issues that need to be resolved in carrying out the broad policies projected in this annual statement would be addressed periodically by the PRC. Where non-aid issues were involved, the PRC would meet under the chairmanship of the Vice President; where aid issues were involved, it would meet generally under the chairmanship of the Administrator.

e. Operational issues that need to be resolved in carrying out policies approved by the PRC would be decided in a new body, the Council on Development Policies and Programs (CDPP), consisting of the departments and agencies concerned. The CDPP would replace the present Development Coordination Committee; it would be chaired by the Administrator, and would meet at a Deputy or Assistant Secretary level, with staff-level and other subordinate bodies as required. The CDPP would be supported by a small high-quality staff, drawn in part from other agencies, which would also support the Administrator in his role as coordinator of assistance programs and as policy advisor on development issues.

f. A sub-committee of the CDPP would be established to handle multilateral aid: Review of individual IFI and PL-480 loans, now handled through the NAC, would be shifted to the CDPP. Along with bilateral loans, individual loans would be submitted to the CDPP by the responsible agency, and advice would be provided by the Committee to the approving official, i.e., for IFI projects to the Secretary of the Treasury, who would continue to instruct our executive directors in the banks.

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g. The CDPP would also periodically review multi-year program plans and development strategies for important recipient countries, considering both bilateral and multilateral programs and guiding action by all agencies involved.

h. A sub-group of the CDPP would coordinate PL-480 programs; the CDPP would also consider other international food issues that are primarily developmental.

i. Another sub-group of the CDPP would advise on developmental programs of international organizations which the United States supports through either voluntary or assessed contributions or both.

j. The National Advisory Council on International Monetary and Financial Policies (NAC) would continue to advise the Secretary of the Treasury on policy toward the IFIs, including replenishments, and be chaired by Treasury. The Administrator would be made a member of the NAC.

k. As at present, most decisions in these committees would be made by consensus, and on loans would be advisory to the responsible agency. In case of disagreement within the CDPP, the Administrator would be expected to resolve issues unless they involved major policy questions, in which case they would go to the PRC and, if necessary, to you for decision.

Consultation with some of the Humphrey bill's authors suggest that these improved coordination procedures would be favorably received.

10. If you decide that IFI and increased PL-480 are to be transferred to IDCA, it would still be useful to have the overall aid policy statement and the PRC role recommended above. The need for the CDPP role would be less, insofar as operational aid issues are concerned, since almost all of these issues would fall within the purview of the Administrator. The need for coordination between aid and non-aid policies affecting LDCs would persist, however. It could be met through the PRC and a more modest CDPP operation.

11. This coordination need could also be met through a mechanism that OMB believes is needed in any event: a single White House or Executive Office coordinator, working with NSC, to provide both symbolic evidence of your interest and a substantive "referee" role in some of the thorny coordination problems that are not susceptible of resolution in committees or that fall between the cracks. OMB believes that this would be valuable

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at least as an interim device, while aid organization is being reshaped in the period of change and transition ahead. At the PRC meeting, the reaction of other agencies to a White House coordinator was negative; interim options were not discussed.

Your Decisions

1. IFIs. (These are alternatives)

- a. Oppose IFI transfer from Treasury to IDCA.  
(Treasury and State) \_\_\_\_\_
- b. Approve IFI transfer (AID, ACTION, Peter  
Bourne, and Frank Moore) \_\_\_\_\_
- c. Defer decision on IFI transfer until we have  
more experience with the improved coordina-  
tion mechanisms proposed above. (OMB) \_\_\_\_\_

2. Presidential Authority: Ask the Congress to make  
the language of the bill on IFIs and coordination  
more general, so that you can make and change  
these decisions by Executive Order or under the  
Government Reorganization Act. (OMB)

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

3. State Department Role (These are alternatives)

- a. Approve the relation between State and IDCA  
recommended by the PRC. \_\_\_\_\_
- b. Approve the relation between State and IDCA  
recommended by the PRC, except that IDCA  
would transmit its budget directly to the  
President, as proposed by OMB. \_\_\_\_\_

4. Agriculture (These are alternatives)

- a. Leave existing arrangements essentially  
untouched. (Agriculture) \_\_\_\_\_
- b. Increase IDCA's role in respect to PL-480,  
within the confines of existing legisla-  
tion. (AID and OMB) \_\_\_\_\_

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5. Coordination. (These are not alternatives)
- a. Approve the improved coordination arrangements suggested by the PRC. \_\_\_\_\_
  - b. Also approve a White House or Executive Office of the President Coordinator, as proposed by OMB, on an interim basis. \_\_\_\_\_

### III. Agreed Issues

1. Technological Collaboration. The Humphrey bill does not change present arrangements for responding to developing countries' needs for science and technology. The bill's authors have indicated that they would welcome proposals from the Executive Branch.

Steps to mobilize the large private and public scientific, technological, medical, and management capabilities to address problems of concern to developing countries are urgently needed. The recent report to you of the National Academy of Sciences, for example, estimated that increased and more effective US support for agricultural research could help to eliminate malnutrition and under-nourishment in the developing world. Similar opportunities exist in other fields, e.g., health and education. Developing countries need help and cooperation in building indigenous scientific and technological capabilities to deal with development problems in a wide range of areas.

A number of studies of US foreign assistance, including the recent report of the Brookings Institution, have concluded that substantial organizational change is required to mobilize adequately US and other countries' science and technology resources for these development purposes. The PRC recommends creation within the IDCA of a Foundation for Technological Collaboration to this end. This Foundation would complement and support IDCA development assistance operations, provide a much-needed capability for cooperation with not only poor but middle-tier developing countries through such means as reimbursable technical assistance, as well as support and coordinate a range of scientific and technological activities relevant to development which are carried out by Federal departments (Agriculture, DOE, NASA, NSF, etc.) and non-government groups. The emphasis, as the title suggests, would be on research and adaptation of technology targetted on LDC problems and in close cooperation with developing countries -- not on finding new ways to subsidize generalized research by US universities.

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The Foundation would have a semi-autonomous status, similar to that of the International Development Institute which the Humphrey bill would create in the IDCA to support Private Voluntary Organizations and the Peace Corps; there would be a Presidentially-appointed public/private Advisory Board. It would be essential to recruit highly-qualified technical personnel. Because the Foundation's primary work would be carried out by other private and public institutions, its staff need not be large. The PRC principals unanimously concurred with the recommendation.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

2. US Contributions to International Organizations. US voluntary contributions to relevant international organizations are now authorized as part of AID's budget; US participation in these programs is directed by the State Department. US assessed contributions to international organizations are part of the State Department's appropriation; US participation in these organizations is also directed by State. Some of the organizations supported by voluntary contributions, assessed contributions, or both, are engaged in development; some are not.

The Humphrey bill would change these arrangements so as to divide both the responsibility for development activities in international organizations and the responsibility for our participation in the UN system between IDCA and State.

We recommend that the IDCA Administrator should be responsible for reviewing and advising on the policies and proposed budgets for all international activities -- assessed as well as voluntary -- that have substantial development components or implications. Voluntary contributions would remain in the IDCA budget and continue to be managed by State, but working relationships between IDCA and State would be strengthened and a dominant influence would be exercised by IDCA.

These changes in the Humphrey will would strengthen the development content of US policies in UN and other international organization programs, while maintaining unified management of US participation in those organizations.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

3. Security Assistance. The Humphrey bill creates an Economic Support Fund to replace SSA. Unlike SSA, this Fund would be limited to the Middle East and southern Africa. These programs

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would be carried out by IDCA, but justified by State in consultation with IDCA. Otherwise, the bill would repeal all of the Foreign Assistance Act not related to development assistance programs, including authority for (economic) Security Supporting Assistance (SSA), and the Secretary of Defense's authority to conduct the grant Military Assistance Program (MAP) and International Military Education and Training Program (IMET); the Presidential authority to waive Congressional restrictions; the wind-up authority for programs terminated by Congress; MAP reimbursements authority; some other security-related authorities; and such non-security related authorities as the narcotics program. Many of these provisions are intended to be continued or amended in a still undrafted new measure dealing with security assistance, and some will be handled in other legislation. We do not know what the recommended legislation will say, and to what extent it will provide the kind of flexible authority needed to meet short-term political needs.

If the Humphrey bill were enacted as it stands, the need to re-enact the security assistance sections of the Foreign Assistance Act would open up the present security assistance provisions to unnecessary review which could result in deletion of some very valuable needed authorities and flexibility, as well as possibly creating a hiatus in the authority to conduct the programs.

The PRC recommends that changes should be sought in the bill to ensure retention of relevant provisions of the Foreign Assistance Act that would otherwise be repealed, and to make clear the need for a more flexible authority for economic security assistance than contained in the bill in respect of regions to be helped.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

4. International Development Institute. The Humphrey bill proposes creation of a semi-autonomous Institute in IDCA to include the Peace Corps and to manage assistance to private voluntary organizations. This provision has strong constituency support, and we favor it.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

5. Overseas Private Investment Corporation (OPIC). The Humphrey bill would bring OPIC into the IDCA as a constituent unit but without affecting present OPIC authorities or operations.

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The Administrator of IDCA would replace the Administrator of AID as Chairman of the Board, and would replace the Secretary of State in providing policy guidance. Given the proposed relationship between State and IDCA, this presents no problems.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

6. Personnel. The Humphrey bill provides for the creation of a new corps of International Development Officers, who would be highly skilled in fields relevant to development assistance, and it provides special early retirement privileges for existing employees -- in order to facilitate hiring and retaining the type of people necessary to run an effective assistance program.

The bill does not authorize the President to screen existing personnel in AID (which would be abolished as IDCA came into being) and other agencies, in order to assure that only those with relevant qualifications are transferred to the new agency. It is our understanding that the drafters of the bill would provide this screening authority to the President, if we desire.

We recommend seeking authority to screen personnel and transfer to IDCA only those persons qualified to carry out its functions. We would make every effort, in line with your existing policy, to retain employees in a reorganization. If some persons could not be transferred to IDCA, every effort would be made to find them employment elsewhere in the Government.

Insistence on high personnel standards in IDCA seems essential if IDCA is to be capable of discharging its new functions.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

7. Peace Corps. The bill provides that the Peace Corps should be transferred to the IDCA, and should be supported by the proposed new International Development Institute described in paragraph 4, above. ACTION believes that the independent visibility of the Peace Corps is essential to its ability to recruit and operate effectively at the village level. This means giving the Peace Corps substantial operational autonomy within IDCA. ACTION also favors use of the term International Development Service, if the Peace Corps is transferred to IDCA. ACTION stresses that the Peace Corps should only be transferred within the context of a major aid overhaul involving, at a minimum, abolition of AID

and creation of IDCA as an independent agency with the substantial freedom from State Department control proposed in this memorandum. If the rationale behind the bill is to be diluted beyond this, the administration would be better served by leaving Peace Corps outside IDCA with other voluntary programs.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

#### IV. Next Steps

Once you have made the decisions requested in this memorandum, we will submit recommendations as to the steps to be taken to advise the Congress promptly of these decisions -- probably a letter from you to Mrs. Humphrey and the Committee chairmen.

THE WHITE HOUSE

WASHINGTON

March 11, 1978

Mr. President,

I apologize for the length of this memorandum. The only way to advise you on the Humphrey bill is to report on options in reorganizing foreign aid, which is not a simple subject.

The memorandum is in three parts:

1. Part I describes the bill and the Congressional situation.
2. Part II deals with the issues about which Executive Branch agencies disagree among themselves. On each issue, I have defined the options, described the arguments pro and con, and recorded the agencies' views. I have also tried to give you some feel as to likely Congressional reactions, based on talks with the Humphrey bill's authors. To remain effective as coordinator, I did not take sides in the PRC and subsequent inter-agency discussion of these bureaucratic issues, on which the agencies feel very strongly. In reviewing the options, I generally find myself agreeing with the OMB proposals, particularly on the two key issues:
  - a. IFIs, where I favor OMB's proposal for a step-by-step approach.
  - b. PL-480, where I agree with AID and OMB that increased PL-480 responsibilities should be assigned to the new aid Administration, within the context of existing legislation.
3. Part III deals with issues on which the PRC members are agreed. I share in that agreement. Included in this part is the proposal that I suspect will make the largest contribution of anything suggested in this paper to improving the human condition: creation of a semi-autonomous Foundation in the new aid Administration for encouraging and assisting private and public research and technological collaboration with LDCs on problems (e.g., in agriculture, health, and education) of particular concern to these countries.

140  
Henry Owen

THE WHITE HOUSE  
WASHINGTON  
March 13, 1978

The Vice President  
Hamilton Jordan  
Jody Powell  
Midge Costanza  
Stu Eizenstat  
Bob Lipshutz  
Frank Moore  
Hugh Carter  
Jack Watson

Re: Cabinet Summaries

The attached were returned in  
the President's outbox and are  
forwarded to you for your  
personal information.

Rick Hutcheson

EYES ONLY -- CONFIDENTIAL  
ATTACHMENTS



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
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ACTION	FYI	
		<i>eyes only</i>
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		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
/	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Secretary Califano

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: DESEGREGATION

THE WHITE HOUSE  
WASHINGTON

cc Califano



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Day Care Funds. You recently sent me a note asking how the State of Maryland could spend \$2.3 million of a \$3.9 million Title XX child-care allocation for social services salaries unrelated to child care. Under Title XX, the States, as you know, have great flexibility in the use of Federal funds, and the Title XX day care provision expressly contemplated that although Federal funds would be allotted to States on the basis of State day care effort the States could use those funds for other Title XX purposes. Thus, the Maryland expenditure is consistent with Congressional intent. We are in the process of reviewing our day-care policies for the next budget/legislative cycle, and will include this provision in our review.
- Desegregation. The agreement between Georgia and HEW is a tribute to the good will and hard work of Governor Busbee, Chancellor Simpson, Milton Jones and other State education officials. Both Jack Watson and Jim Parham played important roles in working out an agreement that was acceptable to both sides.

Good -  
keep me  
informed on  
H.C.

  
Joseph A. Califano, Jr.

THE WHITE HOUSE  
WASHINGTON

March 13, 1978

Secretary Bergland

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

SENATE  
ENERGY

THE WHITE HOUSE  
WASHINGTON

cc *Bayland*



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

Bob  
J

March 10, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

STRIKE. Met with Chairman Perkins concerning our plans to deny food stamps to miners not complying with the court order. Perkins agrees with our position. ✓

SENATE. We will oppose Senator Talmadge's land diversion legislation on the basis that it will not increase farm income and that it would take too long to implement. Would prefer to stop such legislation on the House side rather than tie up our efforts in the Senate which will probably pass some form of the legislation whether we oppose it or not. ok

RESERVE. As of Thursday night, 203,562,000 bushels of wheat have been committed to the reserve program. It is working. (The goal is 300 million bushels.) ✓

ENERGY. FmHA thermal performance standards for single and multi-family housing will be announced March 15. The industry is trying to generate pressure to kill them. A year was spent to evaluate and develop them. The energy conserved and cost savings to low income families are worth holding the line for. good

A large, stylized handwritten signature of Bob Bergland.

BOB BERGLAND

THE WHITE HOUSE  
WASHINGTON  
March 13, 1978

Charles Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: HUMPHREY-HAWKINS



THE WHITE HOUSE  
WASHINGTON

cc Schultze

Note to FM to  
see This

Electronically Copy Made  
for Reproduction Purposes

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

March 11, 1978

Charlie  
J  
Frank

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze CC  
SUBJECT: CEA Weekly Report

Humphrey-Hawkins. Last week the House, on the floor, added several very bad amendments to the Humphrey-Hawkins bill:

- o You would be required to adopt a goal of raising farm income to 100 percent of parity in the market place by 1983; you would have to set forth annual targets for farm income leading to this result.
- o An idiotic amendment, passed with support from Republicans and conservative Democrats, redefines the 4 percent unemployment target so that people in public service employment and government training programs are counted as unemployed. If, in 1983, there were 1.2 million people in public service jobs under your welfare reform program and, say, 500 thousand in CETA training programs, achieving the newly defined target unemployment rate would imply reaching an overall unemployment rate of 2.5 percent as measured by current definitions. The inflationary consequences would be huge.

In addition the House bill provides for an annual Congressional resolution on economic targets separate from the Budget resolution. This holds the threat of encouraging irresponsible votes for unrealistic targets, not related to their budgetary consequences. It could eventually emasculate the Congressional budgetary process. In your statement of support for Humphrey-Hawkins you urged the Congress to integrate the two resolutions.

I agree

In my judgment, if the two amendments described above stay in, the bill should be vetoed. Obviously we should do everything we can to get them out. I will set up a meeting with Stu, McIntyre, and Frank Moore's staff to work out a strategy for dealing with these problems. The House bill will be taken up again Wednesday. You may want to take the matter up at the Tuesday leadership breakfast.

ok

Coal Strike: Economic Effects. I am sending you, separately, an analysis of the likely effects of the coal strike and cold weather on the economy during the first quarter. For purposes of prudent planning we have had to make pessimistic assumptions about useable coal stocks and deliveries of coal into the critical East Central (ECAR) region. In our public statements about the effects of the strike we have estimated economic effects based on those assumptions.

Last week coal deliveries received by ECAR utilities equalled 40 percent of coal burned. Under a Taft-Hartley injunction -- even with no UMW miners returning to work -- we expect coal deliveries to continue increasing. Our best guess is now that economic effects will be small through April, even if no UMW coal is mined during that time. By the end of March, curtailments may lead to about 100,000 unemployed (v. 17,000 last week), and this would rise to about 200,000 after mid-April.

Social Security. The EPG Steering Committee met with Joe Califano Wednesday to discuss how the Administration should deal with the pressure in the House to substitute some reductions in social security taxes for part of your tax bill. Several options are now being developed, and Monday we meet with the Vice-President to discuss them. Shortly thereafter we will have recommendations for you. The House Democratic Caucus meets Wednesday to discuss the issue.

THE WHITE HOUSE  
WASHINGTON  
March 13, 1978

Bob Strauss

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: FASTENER CASE

THE WHITE HOUSE  
WASHINGTON

cc Strauss

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON  
20506

Bob  
C  
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March 10, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

RS.

Subject: Weekly Summary

This week we had Vice President Gundelach, Head of Agriculture for the EC here with the Delegation for very serious agricultural talks in the MTN. Secretary Bergland and Dale Hathaway of USDA and Julius Katz of State participated and through our joint efforts, we all felt that it was the first real progress that had been made. We have each defined our minimum objectives and there appears to be a reasonable chance of attaining them. I am convinced that if we cannot reasonably improve our market access in agriculture, we cannot successfully complete the Tokyo Round and we have clearly and firmly let the Europeans know it.

The fastener case will be voted on in Vanik's Subcommittee on Tuesday and we will probably win or lose the override issue by one or two votes. If it gets a favorable vote in the full Committee, Ullman will delay it as long as he can.

Work  
hard on  
this - Get  
Frank to  
help

Last night, Nich Camichia, who heads the coal operators negotiating team, called me out of that lovely Radio and TV Correspondents dinner to tell me that he felt that if we could remove Miller from the negotiating process, he could put together a satisfactory deal in reasonably short order. I have a call in to Marshall on the subject right now.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

March 10, 1978

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

Threat to Block Grant Emphasis. On Monday and Wednesday of this week, I testified before the Senate and House Banking Committees on HUD's proposed authorizations for FY 1979. I opposed suggestions by Senate Republicans and Senator Riegle that the budgeted amounts of several items be increased, and also strongly opposed such suggestions during the House hearings. Efforts may be made by House Republicans, led by Congressman Brown of Michigan, to overturn regulations requiring that Community Development Block Grant funds principally benefit low- and moderate-income persons, as provided by the statute.

Dallas Turns \$0.5 Million into \$4.5 Million. Dallas and a 28-bank consortium have signed an agreement to provide \$4.5 million for a housing rehabilitation loan program for lower income families. Backed by \$533,000 of Community Development Block Grant funds, the loans will have an interest rate two points above the prime rate. Because the loans are backed by CD funds, the banks are willing to lend in high-risk areas.

HUD/USDA Publish Rehabilitation Manual. The first product of the Rural Demonstration -- a document entitled Program Operator Administrative Manual for Rural House Rehabilitation -- has been released. This is a "how to" manual designed for small cities or counties, builders/developers, and community action agencies lacking the expertise necessary to apply for and administer a community development-funded rehabilitation program. The manual also covers USDA's 502 and 504 rehabilitation programs.

Metropolitan Regional Strategy to be Tested. HUD will serve as lead agency for a regional strategy project in the Seattle, Washington area. The goal is to formulate and test the effectiveness of a comprehensive approach to aiding metropolitan areas similar to a model proposed for the Administration's Urban Policy.

Demand for Targeted Tandem. In an immediate response to a new program -- GNMA's "targeted" Tandem, which provides for a 7-1/2 percent interest rate for multifamily housing production in distressed cities -- a total of \$66 million in commitments was issued the first day.

Housing Advice for Spain. As an outgrowth of a US-Spain seminar on housing finance and secondary mortgage markets that my staff attended last week in Madrid, HUD may be asked to assist Spain in the development of a uniform housing appraisal methodology and other matters. Assistance would be funded under the US-Spain Treaty of Friendship.

*Pat*  
Patricia Roberts Harris



# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg. re:UN activity	3/10/78	A
Memo	Harold Brown to Pres. Carter, 3 pp. re:Defense Summary	3/13/78	A
Memo	Cyrus Vance to Pres. Carter, 4 pp. re:Overseas Personnel	3/10/78	A
Memo	Lipshutz to Pres. Carter, 4 pp., re:FBI investigation	3/13/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 3/13/78 I Box 76

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THE SECRETARY OF THE INTERIOR  
WASHINGTON

March 10, 1978

C

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of March 6

This week I spent a day in Utah and two days in Seattle.

Utah--Met with Governor Matheson on water policy and spoke to the National Farmers Union Convention.

Seattle, Washington--Spoke to Seattle Rotary on Alaska land selections, met with interest groups and the editorial boards of the two largest papers. Meetings were productive and the press was favorable.

Away from Washington the people are still very "anti-bureaucracy" and still favor any reorganization that shakes up that bureaucracy. They still perceive it as insensitive and uncontrolled. Your campaign thrust is still viable, but they want action.

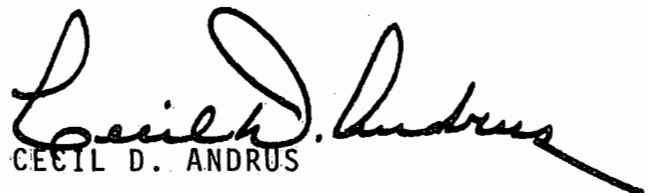
The states of Oregon and Washington can be won in 1980 with a little attention.

The "real farmers" are basically supportive of our farm program and our excess lands issue.

Your Alaskan position looks more like a winner every day.

EPA is contesting the addition to Denver's municipal water system and we are supporting it. There will be some flack, but Costle and I should be able to keep it out of the White House.

Water Policy Review will be to you next week, but prudence dictates that discussion with Governors and Congressmen move slowly so that you cut on it after the Panama votes.

  
CECIL D. ANDRUS



United States  
Environmental Protection Agency  
Washington, D.C. 20460

C/  
The Administrator

March 10, 1978

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

We made major decisions this week on the use of two pesticides--  
Chlordane/Heptachlor and Ferriamicide.

Chlordane/Heptachlor

We reached a settlement agreement on Chlordane and Heptachlor that will phase out the use of the pesticides on corn and certain other crops over a five-year period. Termite control uses will be allowed to continue.

The parties to the settlement included the Environmental Defense Fund, Velsicol Chemical Corp., the United States Department of Agriculture, several states, and some 200 other groups. Chlordane and Heptachlor are suspect human carcinogens.

Ferriamicide

We approved a request by the State of Mississippi for the emergency use of Ferriamicide, a substitute for Mirex, to combat fire ants. We have received a similar request from Georgia and expect a number of other southern states to follow suit. They will be allowed to use the pesticide under the same conditions that apply to Mississippi.

EPA's approval will allow ground broadcast of Ferriamicide in parks and cemeteries and mound-to-mound application elsewhere. Aerial application will not be allowed.

Reaction from southern delegations in Congress has been quieter than we had expected.

~~CONFIDENTIAL~~-GDS



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

F.Y.I.

March 10, 1978

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

The EPG Steering Committee and Secretary Califano have examined possible responses to Congressional pressure for Social Security tax cuts. After conferring on the matter with the Vice President on Monday, March 13, we will send a decision memorandum to you and request a meeting. Secretary Califano favors endorsing a Social Security tax cut this year. The rest of us wish to continue holding firm against Congressional pressure this year and to present a comprehensive Social Security package in 1979. A third alternative -- using COET revenues to finance a small, short-term cut in Social Security taxes -- is worth examining, but I see major problems with it.

As you requested, the Steering Committee is preparing a list for you of bold anti-inflationary measures you could announce in the near future. The Vice President will review the matter with us on Monday.

The Committee this week reviewed a new -- and very disturbing -- inflation forecast for 1978 by Treasury staff: As I mentioned at the Cabinet meeting, it shows the CPI rising by about 8 percent over the year (v. 6.8 percent in 1977) -- with an even higher rise likely if a coal settlement is regarded as a precedent by other unions. We obviously cannot afford continued inaction on inflation.

You are up to date on the continuing problems with the dollar. Jim Schlesinger, Charlie Schultze, and I have been meeting on possible measures. We will have further information for you next week. I consider the dollar situation to be increasingly serious. It will urgently need your attention.

~~CONFIDENTIAL~~-GDS

Jay 5/2/80

- 2 -

Public testimony on the tax program continues before Ways and Means. We are fighting to preserve the size and shape of the tax cuts and the reforms, and to keep Social Security concerns from undermining the package.

Charlie Schultze and I spent Thursday in Ottawa, a follow-up to the Vice President's visit in January. Our visit was kept deliberately low-key to avoid raising public expectations. Overall the meetings were productive and the Canadians have a clearer understanding of our current thinking on economic issues and the dollar. I will be sending you a full report.



W. Michael Blumenthal

CLASSIFIED BY W. Michael Blumenthal  
SUBJECT TO GENERAL DECLASSIFICATION  
SCHEDULE OF EXECUTIVE ORDER 11652  
AUTOMATICALLY DOWNGRADED AT TWO  
YEAR INTERVALS AND DECLASSIFIED  
ON DEC. 31, 1984-----

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

March 10, 1978

"FYI"

REPORT TO THE PRESIDENT

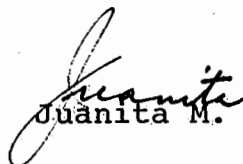
NOAA's latest natural gas demand projections for residential and commercial users indicate this year's seasonal consumption will reach the same level as for last year, with Spring temperatures being below normal in contrast to last year. This could be a problem for those industries which, being short on coal, are planning an increased use of natural gas.

The comprehensive review of ocean policy issues, which you requested last June, will be completed next month. We are now working closely with Stu Eizenstat's staff in developing plans for an ocean's PRM. I will be stressing the Administration's ocean policy interests next week at the Coastal Zone '78 Symposium in San Francisco.

During oversight hearings on the Local Public Works Program this week, members of the House Public Works and Transportation Committee lauded our efforts to improve the program and were pleased both by the speed that LPW funds are entering the economy and with the implementation of the 10% minority business provision. Current data continue to reflect expenditure levels for minority firms at 15%.

This week I forwarded to OMB a draft bill to provide statutory authority for a substantial minority enterprise program in the Department, to be headed by an Assistant Secretary of Commerce. I have been increasingly concerned with this need. A bill is now active in Congress which would transfer OMBE to the Small Business Administration -- a move I consider undesirable in terms of our strong commitments in this important area. I am hopeful that the draft bill can be cleared promptly.

The U.S. merchant fleet now carries less than 2% of the dry-bulk cargo shipped into and out of the United States. Because of limitations under the Merchant Marine Act, since 1970 only two dry-bulk vessels have been built under the Maritime Administration's subsidy program. Today I am forwarding to OMB draft legislation which would remove these limitations and provide incentives for building up to five new carriers per year to supplement the 18 vessels now in the U.S. dry-bulk fleet. By separate letter, I am reporting to you on the seriously deteriorating employment outlook for U.S. shipyards. Without new orders, direct and indirect job losses will be substantial and concentrated in areas that already face serious unemployment problems.

  
Juanita M. Kreps



Office of the Attorney General  
Washington, D. C. 20530

March 10, 1978

Re: Principal Activities of the Department of  
Justice for the Week of March 6 through  
March 10, 1978

1. Meetings and Events:

On Wednesday, the Attorney General interviewed two candidates for Assistant Attorney General to head the Criminal Division. On Thursday, the Attorney General attended the Judicial Conference at the Supreme Court. On Friday, he testified before the House Judiciary Committee on DOJ Authorization.

2. Taft-Hartley Injunction

Upon the Department's receipt of the President's request by letter and the report of the Board of Inquiry Thursday morning, Justice Department attorneys filed the Taft-Hartley complaint in United States District Court in Washington. The Attorney General personally represented the United States at a 3:30 p.m. hearing before Judge Robinson. The Temporary Restraining Order (TRO) was issued at about 6:00 p.m., March 9. After its issuance, the Attorney General answered media questions, stating his expectation that coal miners, like most Americans, would obey the law. He said that to state otherwise is to "disparage" the miners. A hearing, in which evidence will be heard, is set for next Friday afternoon before Judge Robinson. Service of the complaint and TRO began Friday. U.S. Attorneys from the 18 judicial districts involved participated in a meeting Thursday in Washington with the Attorney General and other Department officials to discuss enforcement of the TRO and their liaison role with governors and state and local authorities.

3. Undocumented Aliens

In preparation for hearings next week before the full Senate Judiciary Committee on the Administration's proposals, various briefing sessions have been conducted this week with interested groups, including Senate staffers and interested

members of the media. The Attorney General, the Secretary of Labor, the Deputy Secretary of State, and the Commissioners of the Immigration and Naturalization Service will be among those testifying.

4. Humphrey Case:

The Attorney General met with the team of attorneys handling the espionage prosecution of USIA employee Ron Humphrey and David Hung for allegedly supplying classified information to a Vietnamese spy network. The Attorney General is giving his personal attention to the legal tactics in this prosecution.

5. Indictments in Shipping Rate Cases

Two indictments were issued on March 8 by a federal grand jury in Cleveland against two corporations on charges of conspiring to prevent the Federal Maritime Commission from regulating shipping rates by plotting to pay illegal rebates. These indictments were the first arising out of a two-year investigation into the maritime industry.



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues Pending at the Department of  
Transportation

International Air Service Negotiations - Update - As you know, the State Department has had difficulties concluding the charter air services agreement with the British that was contemplated when we signed Bermuda II. Additionally, the British have refused to permit start up of Braniff low fare scheduled service from Dallas/Fort Worth to London. I have met this week with Patrick Shovelton, head of the British negotiating team which is here for further talks on this matter this week, and with Mr. Nigel Faulkes, the chairman of the British Civil Aviation Authority. I have expressed to both of them your commitment to low fare innovative service and have made clear that should the charter agreement not be concluded in this round of negotiations and if Braniff is not permitted to fly with the low fares, I will consider recommending in my March 15 speech before the Wings Club in New York that we renounce Bermuda II. I think my discussions were helpful in convincing the British officials of how seriously we regard our commitment to a new international aviation policy.

1980-1981 Light Truck Average Fuel Economy Standards - National Highway Traffic Safety Administrator, Joan Claybrook, and I have scheduled a press conference for 9:30 a.m., Wednesday, March 15, 1978, to announce the final average fuel economy standards for 1980 and 1981 model year light trucks and vans. This rulemaking proceeding has been highly controversial with much interest on the part of Congressmen, Senators, the Mayor of Detroit, the UAW, employees of truck manufacturers, and the users of light trucks. The Department's analysis of new information since issuance of the proposed energy conservation standards in mid-December has resulted in a substantial re-evaluation of the proposal. Treasury, EPA, Commerce, Energy, CEA, Council on Wage and Price Stability, Federal Trade Commission, and GSA have been briefed on the issues and re-analysis procedure.

The Arco Decision - On March 6, the Supreme Court decided the Arco case. At issue was the validity of the State of Washington's Tanker Law regulating the design, size, and monitoring supertankers in Puget Sound. Upholding Federal preemption under the Supremacy Clause, the



Supreme Court held that states may not bar 125,000 or above dead weight ton tankers from lower Puget Sound waters nor may they impose restrictions on tanker design. Some area is left for state initiative when there are no conflicting Federal regulations. This would do such things as require tug escorts in certain instances. The Court agreed with the amicus brief of the United States on these issues which means the Federal Government can regulate tank traffic in Puget Sound. This case involves a sensitive set of political issues, involving both domestic and international policy. There is pressure from Senator Magnuson to have us tighten up Federal regulation of tankers in these waters. Washington State Governor Ray favors allowing supertankers in Puget Sound. In the international arena, we have been pressing for substantial uniformity of approach to tanker design and construction. We have been in contact with Senator Magnuson and hope to work out with him a solution in Puget Sound which will be consistent with our international approach.

Minority Business Efforts - On Monday, March 6, I signed a departmental Order on Minority Business Enterprise. As I indicated to you in my last memorandum, the Order strengthens the Department's commitment to secure minority business participation by requiring goals for minority business involvement in all departmental programs. The Order permits the use of competitive set-asides for minority businesses when allowed under state law and when a sufficient number of qualified minority businesses exist to ensure adequate competition. Since the Department is responsible for nearly \$10 billion worth of grants each year, and approximately \$500 million in its own contracts, the program should have a significant impact on the Department of Transportation's contribution toward accomplishing your goal of doubling minority business participation in the Federal Government's programs.

As the same time on Monday, March 6, I swore in the new members of the Department's Minority Business Resource Center Advisory Board, with Jesse Hill as Chairman. Over 350 members of the minority business community participated in this ceremony.

Possible Additional Funding for ConRail - I met on March 8 with Chairman Staggers, Chairman McFall, and Commerce and Appropriation Committee staff regarding additional funding for ConRail. There is a belief in the Congress that additional authorizations should be voted this year. I am trying to persuade the key Chairmen that existing financial assistance programs can be used to tide ConRail over until FY-80.

**Community Services Administration** WASHINGTON, D.C. 20506



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MEMORANDUM TO THE PRESIDENT

March 10, 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Grace Olivarez *Go/Olivarez*  
Director  
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities  
(March 6 - March 10)

Assistance to Farmworkers

In consultation with Caesar Chavez, CSA is considering several programs for farmworkers. These programs include Credit Union Development, Microwave Telecommunication Health Care Delivery System and Training and Technical Assistance to the private non-profit corporations which will administer these programs.

Arizona Flood Victims' Relief

At the request of Arizona's Acting Governor Bruce Babbitt, CSA has made a \$100,000 grant to be used for flood relief assistance. Community Action Agencies in Arizona have been authorized to utilize these funds to meet immediate needs of disaster victims.

Youth Employment Program in Washington, D.C.

The Director of CSA delivered to Mayor Walter Washington a \$500,000 grant for the District of Columbia Youth Employment Program. The Washington Post and other local media provided favorable coverage.

Technical Assistance in Developing Citizen Participation Programs.

As the result of CSA's issuance of a Report on Citizen Participation, several requests for information and assistance were received from national organizations and federal agencies, including the Federal Trade Commission, the National Credit Union Association and the Consumers Congress. These requests express an awareness of the necessity for a service delivery mechanism of the type funded by CSA to afford their programs access to residents of depressed communities.

Coal Strike Emergency Assistance

CSA has developed a program of assistance to alleviate some of the hardship occasioned by the coal strike. In accordance with the President's directive, CSA has transmitted to the Defense Civil Preparedness Agency, an outline of the type of assistance which can be provided by CSA and its grantees.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

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March 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall <sup>RM</sup>

SUBJECT: Major Departmental Activities, March 4-10

Unemployment rate dropped again. February unemployment was 6.1 percent, down 0.2 percent. All population groups shared in this decrease. Black unemployment was down 0.9 percent. Black teen-age unemployment dropped 0.7 percent. Unemployment for Vietnam veterans declined 0.5 percent to 5.2 percent.

CETA expansion reached target on schedule. Last week 37,000 people were enrolled in public service jobs bringing the total to 753,000--28,000 above our hiring goal of 725,000. This is a major development that should be widely publicized. I have sent to the Domestic Policy Staff a draft of a Presidential statement for release tomorrow announcing this achievement. Later today I will be sending you a memo on the drop in black unemployment which I would like to distribute at the Cabinet meeting on Monday.

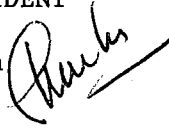
Humphrey-Hawkins bill moves ahead in House. This week we defeated an important amendment which would have set a specific inflation goal. However, we were unable to stop an amendment adding to the bill the goal of 100 percent parity for farm prices. The overall prognosis on the bill is good when the House takes it up again next Wednesday.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren  
Gus Speth

A handwritten signature in dark ink, appearing to read "Charles Warren", is written over the printed name in the "FROM:" field.

SUBJECT: Weekly Status Report

We have nothing warranting your attention to report this week.



United States of America  
General Services Administration  
Washington, D.C. 20405

Administrator

March 10, 1978

MEMORANDUM TO THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

A negative report is submitted for the week ending March 10, 1978.

A handwritten signature in dark ink, appearing to read "Jay Solomon". The signature is written in a cursive, flowing style with a large initial 'J' and 'S'.

JAY SOLOMON  
Administrator